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ABSTRACT

The purpose of this report is to examine the federal investment in education during the Reagan Administration. The report is divided into two major parts: (1) a brief review of the philosophic and overall budgetary directions of the Reagan Administration; and (2) a fiscal chronology comprised of historical budget data (from fiscal year 1980 to fiscal year 1988) for each program included in the Department of Education's budget. Presidential budget requests and Congressional appropriations served as the unit of analysis for this study. The major data source was the "Justifications for Appropriation Estimates for Committee Appropriations," Fiscal Year 1988, which is published by the Department of Education. The study has found a diminution in the federal role in providing assistance to education during the years discussed. Appended are 58 references and an appendix explaining the "price level adjustments" utilized in the analysis. (SI)

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FISCAL POLICY FOR EDUCATION in the REAGAN ADMINISTRATION

May 1988

Deborah A. Verstegen
Curry School of Education
University of Virginia

Occasional Paper No. 5

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PREFATORY NOTE

The UCEA Policy Studies Center has been documenting, analyzing, and predicting the changes in federal educational policy that have occurred since President Reagan assumed office in January 1981. As the Reagan years near a close, the Center will complete its program of documentation with two retrospective analyses focusing on federal education fiscal policies and higher education, one comparative analysis of the range of policy options discussed during the Reagan years, and one prospective look at federal education policy in the post-Reagan years.

In this paper Professor Verstegen examines the extent to which the process of devolution and the policy of diminution have been influenced during the last eight years by the Administration's fiscal policies.

Other occasional papers issued through the UCEA Policy Studies Center include:

- The Significance and Permanence of Changes in Federal Educational Policy: 1980--1988 (January 1986);
- The Effects of Federal Education Policy Changes on Policy and Program Development in State and Local Education Agencies (March 1986);
- An Analysis of Public Support for the Educational Policy Preferences of the Reagan Administration (December 1986);
- The Implications for Educational Research of a Changing Federal Educational Policy (June 1987).

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INTRODUCTION AND DESCRIPTION OF STUDY

In his first inaugural address President Reagan said it was his intention "to curb the size and growth of the federal establishment, and to demand recognition of the distribution between the powers granted to the federal government and those reserved to the States or to the people" (Congressional Quarterly [CQ] Almanac, 1982a, p. 12-E). He did not accomplish all he wanted, and especially not the way he wanted (Gleason, 1988). Nonetheless, from a fiscal perspective, the division of responsibilities among the levels of government has been sharpened as a direct result of policies attributable to his presidency, and the size and cost of many government assistance programs have been reduced. Gleason (1988, p. 13) argues that of "all the post-war presidents he arguably got the most of what he wanted." As John Shannon has noted, "The Reagan contribution boils down to this -- it has helped give our pre-Great Society fend-for-yourself federalism a new lease on life" (Shannon, 1987).

Many observers looking to the future predict more of the same. In the absence of a major new revenue source, such as a value added tax or a general sales tax, Washington will not be able to reverse the recent devolution of domestic policymaking to the states and localities, or the concomitant diminution of federal support. This, Jack A. Meyer (1986, p. 88) of the American Enterprise Institute, finds, is the major accomplishment of the Reagan years:

> The Administration seems to highlight its *social philosophy* toward federal programs, an area where most of its accomplishments seem rather marginal. By contrast, it downplays and is defensive about its fiscal policies which, while incomplete, herald a major accomplishment for the Administration.

According to William Schneider, writing on *The New Shape of American Politics*, that accomplishment for the Administration was "to pull the revenue plug on the federal government" (p. 39):

> First came the 1981 tax cut, and then year after year of record budget deficits. Now and for the foreseeable future everything the federal government does must accommodate to one central fact: there is less money. (Schneider, 1987, p. 39)

Schneider argues that the reduction of spending brought about through tax cuts, budget policies, and deficit spending "form the basis of a new institutional order that will set the terms of political debate far beyond the Reagan years" (1987, p. 39). This conclusion has been argued to be especially applicable to the field of federal educational policy (Clark & Astuto, 1986; Verstegen, 1988).

Unlike those that highlight fiscal policy changes as an accomplishment for the Administration, the Committee on Education and Labor in the U. S. House of Representatives points to the reduction in services and hardship that has resulted from federal aid reductions, stating that "the difficult problems the nation confronts require more resources, not fewer" (1985, p. 5):

> Between 1980 and 1983, the number of persons in poverty rose by 6.6 million. Almost all of the increase was the result of the rising unemployment and Reagan budget cuts. Today some 35.3 million Americans, or 15.2% of the population, live in poverty. . . the recent rise in poverty stands in sharp contrast to previous experience. (Committee on Education and Labor, 1985, p. 5)

Further, the Committees underscore the regressive nature of the federal reductions-in-aids -- the losses have been borne by those least able to sustain the decreases:

> Almost 50% of the total reduction in benefits stemming from budget reductions enacted between 1981-1983 fell on households earning less than $10,000. Seventy percent fell on households below $20,000. In contrast, households with incomes over $80,000 saw a net gain of $8,930 in 1984, while those in the $20,000-40,000 range had gained an average of $1,280. Families between $10,000-20,000 had benefits averaging $60, while those making less than $10,000 suffered a net loss of $440. (The Committee on Education and Labor, 1985, p. 8)

Others reviewing the Reagan years point to the creation of the largest federal budget deficit in history as a problem of such magnitude that it overshadows other apparent gains. "Part of his [Reagan] legacy will be this debt . . . it's like a cancer eating at the vitals of a nation" (Rapp, 1988, p. 327). In this regard, the

Committee on Education and Labor points to the skewed policy priorities that have resulted from the massive federal budget deficit, spotlighting reductions in spending for education in particular:

> The nation pays for mediocrity every day in ways which never appear on our national balance sheet but which should help to inform our weighing of assets and debits. In the education area, for example, the Administration ignores the fact that people with less than six years of schooling are four times more likely than others to be on welfare. Or, that it costs Americans $6.6 billion annually to care for prisoners; approximately 50% of whom are functionally illiterate. Eighty-five percent of the juveniles who go into court are, for all intents and purposes, illiterate. (The Committee on Education and Labor, 1985, pp. 6-7)

The purpose of this report is to examine the federal investment in education over the last eight years. It deals directly with four questions:

- What have been the federal investments in education during the Reagan years?
- How has the overall Department of Education (ED) budget fared during this time?
- How have individual programs in ED been affected?
- In sum, what fiscal changes have occurred in education during the Reagan presidency and to what extent have devolution and diminution in federal education policy been influenced by the Administration's fiscal policies.

Methodology of the Study

Presidential budget requests and Congressional appropriations served as the unit of analysis for this study. The major data source was Justifications for Appropriation Estimates for Committee Appropriations, Fiscal Year 1988, published by the Department of Education. For each of the 15 major federal assistance programs which comprise the programs administered by the Department of Education, a funding chronology was prepared in standard table presentation, for the years FY 1980 through FY 1988. For each program area, the President's budget

requests and the Congressional appropriations were depicted. These figures were then compared by three methods: (1) the percentage difference between the Congressional appropriation and the President's budget request, (2) the percentage change in Congressional appropriations from FY 1980, (3) the percentage change in Congressional appropriations from 1980, after adjusting for inflation. A figure depicting budget requests and Congressional appropriations follows each table. Rescissions, supplementals, reappropriations and sequesters were included in the table and figure totals. Where applicable, notations were provided to delineate these changes.

The method used to adjust for the effects of inflation on the appropriations is described in the Appendix. It also includes data comparing Presidential budget requests and Congressional appropriations with and without the inclusion of adjustments, i.e., sequesters, rescissions, supplementals, and reappropriations. The federal fiscal year is utilized throughout i.e., October 1 -- September 30.

FY 1980 served as the baseline for the funding impact statements because it was the last year before funding changes were influenced by the policies of the Reagan Administration. President Reagan took office in 1981, and submitted a revised budget for FY 1982 to Congress. The revised budget, however, reduced budget authority and outlays for education in FY 1981 through rescissions (Executive Office of the President, 1981a, 1981b; Evans, 1988).

The report is divided into two major parts. First, a brief review of the philosophic and overall budgetary directions of the Reagan Administration is given, as it serves as the context for changes occurring in funding for each program area and overall for ED. Second, a fiscal chronology comprised of historical budget data, from FY 1980 to FY 1988, is presented and analyzed for each program depicted in the Department of Education's budget. These include:

- Compensatory Education
- Impact Aid
- Special Programs
- Bilingual Education
- Education for the Handicapped
- Rehabilitation Services and Handicapped Research
- Vocational and Adult Education
- Student Financial Assistance
- Guaranteed Student Loans
- Higher Education
- Higher Education Facilities, Loans, and Insurance
- Education Research and Statistics
- Libraries
- Payments to Special Institutions
- Department Management Total

PHILOSOPHICAL UNDERPINNINGS AND BUDGETARY DIRECTIONS

Like other post-war presidents, President Reagan's policies had philosophical underpinnings, but were fiscally driven (Gleason, 1988). At the heart of the Economic Recovery Program, unveiled early in his first term, was a four-pronged fiscal strategy which included: (1) an immediate, substantial, and sustained reduction in the growth of Federal expenditures; (2) a significant reduction in Federal tax rates; (3) elimination of unnecessary Federal regulations; and (4) a slower, steady, and predictable growth of the money supply (Executive Office of the President, 1981a, p. 1). The combination of tax rate reductions and firm expenditure controls were intended to lead to a balanced budget by 1984 (Executive Office of the President, 1981a, p. 6). Altogether, the President's plan proposed to restore state and local government responsibilities in areas of public service in which the Federal Government had, in the past, become "excessively or improperly involved" (Executive Office of the President, 1981a, p. 1). The resulting decentralization would bring about a New Federalism in America by increasing competition and encouraging efficiency. At the same time it would provide savings to the federal treasury thereby driving an economic recovery.

Nowhere was the drive for a New Federalism more evident than in the field of education. Education--along with health and welfare--was targeted for substantial reductions early in President Reagan's first term. And, the "Administration broke with every president since Truman by proposing to decentralize education and reduce federal involvement" (Education Times, 1983, p. 7). President Reagan repeatedly called for dismantling the Department of Education, program terminations, block grants, tuition vouchers, self-help grants to replace financial aid for college and graduate students, a constitutional amendment to allow State-sponsored school prayers, education savings accounts, and a Federalism Initiative to "turn back" various education programs to the States--in addition to continuous budget requests for funding reductions (Irwin et al., 1987, p. 3).

The Congressional response to the Administration's proposals was generally not positive. The gains the Administration made were concentrated in the early years of the President's first term. Later, Congressional opposition to the President's proposals was blunted by spending limitations imposed by the large and growing federal budget deficit. These changes effected in the early years of the President's tenure were substantial and enduring, providing support to those who point to the Reagan legacy in education.

According to a recent article in the National Journal, Rudolf G. Penner, a Washington economist and former director of the Congressional Budget Office comments, "I look back on the Reagan era and see a great paradox. Lots of things have changed, and the budget spurred those changes in the early part of the administration. But early is the operative word" (in Rapp, 1988, p. 327). The record bears this out.

The Reagan Record

President Reagan "hit the ground running" in 1981 (The Heritage Foundation, 1982, p. v), complete with policy, program, and strategy. The major strategy to achieve the Economic Recovery Program and New Federalism initiative came in two distinct phases. First, the block grant mechanism was employed to provide more state autonomy in exchange for less federal financial assistance. Second, the federalism swap was fashioned to provide the states more assistance with fewer strings, but additional responsibilities. This two-part plan was all said and done by April of 1982--only one and one-half years into President Reagan's eight-year term of office. And, even at this early point in the Administration's tenure, the growing budget deficit was already casting its ominous shadow on future prospects for a reversal of federal domestic policy.

The early years of the Reagan Administration also set the direction of what was to come: reduced domestic spending with the exception of defense; a growing federal budget deficit; and an emphasis on the state assumption of federal assistance programs. For education, the early directions were clear and persistent. Altogether they included: "disestablishment (elimination of the Department of Education), deregulation, decentralization, deemphasis (reduction of the position of education as a priority on the federal agenda) and, most importantly, diminution (reduction of the federal budget in education)" (Clark & Astuto, 1986, p. 5). As the Committee on Education and Labor summed it up several years later when reviewing the President's FY 1987 budget request:

> The President's FY 1987 budget promises more of the same. It proposes deep cuts in domestic programs and increases in the defense budget. The budget would cut every major entitlement program and many discretionary programs targeted to low-income people. Several of the most severely affected programs are under the jurisdiction of the Education and Labor Committee. (1986, p. 1)

The First Thrust--The Block Grant

Shortly after taking office, President Reagan set a series of proposals into motion aimed at fulfilling his campaign pledge to reduce government and spending and to make greater use of block grants (Congressional Quarterly [C.Q.] Almanac, 1982b, p. 461; C. Q. Almanac 1982c). Categorical aid, aimed at specific categories of programs or beneficiaries, was at the heart of the Johnson "Great Society" Program. Conversely, the Reagan Administration embraced block grants as a means to achieve its goals of devolution in domestic policy, and diminution in federal assistance.

Before ending his term as 39th President of the United States, President Carter had presented the FY 1982 budget to Congress. Upon assuming office, President Reagan revised the FY 1982 budget. The revision included an additional $4.5 billion reduction for the Department of Education (Irwin et al., 1987, Table 2). The Reagan Administration also proposed withholding money for education that had been appropriated for 1981 (Evans, 1984). The reductions in education support requested by the President for major elementary and secondary programs that took effect in FY 1982, were almost $2.5 billion in current dollars.

The Administration also proposed the consolidation of virtually all the elementary and secondary federal assistance programs for education into two block grants, which would be turned back to the States where priorities for spending would be determined. According to the text of the FY 1982 budget revisions:

> Education policy has historically been the prerogative of State and local authorities. In recent years, the Federal Government has become increasingly involved in this non-Federal responsibility. The Administration proposes to shift control over education policy from the Federal Government to State and local authorities . . . Substantial reductions in regulatory and paperwork burdens, resulting in significantly lower administrative costs, would be achieved by this consolidation. (Executive Office of the President, 1981a, p. 65)

Because of stiff opposition to the proposal, the ranking Republican member of both the House and Senate backed an alternative measure which was subsequently enacted

into law, however. A single block grant for education--Chapter 2 of the Education Consolidation and Improvement Act--was enacted as part of the Omnibus Budget Reconciliation Act of 1981, with major programs such as compensatory education, education of the handicapped, vocational education, and bilingual education maintaining their separate program identities and authorizations.

The reconciliation bill also cut college student aid programs, but not as much as the Administration requested (Congress & The Nation, 1985a), and Congress approved a modified version of the needs test proposed by President Reagan, to limit eligibility for the Guaranteed Student Loan Programs (GSL). The bill also limited funding for Pell grants "well below the estimated cost of full operation of the program, reducing aid for several million low- and middle-income students" (Congress & The Nation, 1985a, p. 557). Pell grants, formerly known as basic educational opportunity grants (BEOGs), were the cornerstone of federal aid to college students. Finally, the reconciliation bill provided for a phase-out of Impact Aid payments to school districts with children whose parents either lived or worked on federal property, and sharply cut child nutrition programs, chiefly by lowering eligibility limits for free and reduced-priced meals (Education Times, 1983, p. 7).

The block grant thrust of the first Reagan budget was part of a larger strategy to achieve federalism objectives, reduce spending, and end inflation by returning power and authority back to State and local governments (The White House, 1981, p. 16). The aim of his Administration, the President said, was to "take the country back as far as the Constitution," and make State and local governments responsible for managing and financing many of the aid programs now run by the Federal Government" (The New York Times, Nov. 22, 1981, p. A1).

The Second Thrust--The Federalism Swap

The FY 1983 budget estimate from the Reagan Administration was released during the country's worst economic recession since the 1929 depression. It requested approximately $10 billion for education, three billion less than it had asked for the year before, and proposed the elimination of the Department of Education. "The Administration," Reagan said, echoing a now familiar theme, "believes that federal involvement in education should return to its more traditional minimal levels" (Education Times, 1983, p. 7). Congress held firm against the Administration's proposals; the appropriation for that year was approximately the same as in FY 1982.

The President had, earlier that year, in the State of the Union address, made clear his choices for the country--deficits were preferable to higher taxes. According to some writers at the time: "The result was a set of staggering economic forecasts that some Congressional Republicans warned could be ignored only at great peril" (The New York Times, Jan. 31, 1982).

Also, as part of the State of the Union address and perhaps most notable from an historical viewpoint, the President proposed a "Bold New Stroke" to solve the problems of costly and big government--the "return of some $47 billion in federal programs to the States, along with the means to finance them." This would occur during a transition period of approximately 10 years (Congressional Quarterly Almanac, 1983, p. 5-E; The New York Times, Jan. 27, 1982, p. 8).

"The Federalism Swap," as it came to be known, was envisioned to begin by returning Aid to Families with Dependent Children and food stamps, along with more than 40 education, transportation, community development and social service programs, to the States, along with the resources to support them. Also, Washington would pick up the Medicaid bill, which was expected to cost the States

$19 billion. The difference, $28 billion a year, would be made up through transfers from a "grassroots trust fund," fed by Federal revenues from excise taxes and dollars from the windfall profits tax (The New York Times, Jan. 31, 1982, Sec. 4, p. 1). But the fund would be phased-out by 1991. After that, States wanting to continue welfare and education programs, would have to raise taxes to replace lost federal aid. For education, one account of the "Federalism Swap" describes the impact thusly:

> If Reagan succeeds in his plan to turn control of more than 40 federal programs over to the States, the federal government would jettison responsibility for most education and training for its citizens . . . Reagan would shift to the States virtually all education programs, except compensatory education for the poor and the handicapped; the Work Incentive Program, vocational rehabilitation, and vocational and adult education. (The Wisconsin State Journal, Feb. 4, 1982, 1982, Sec. 1, p. 16)

While also slated for cuts under the plan, the federal government would still provide loans and grants to college students.

The President was betting "that the governors would embrace the federalism idea as a way of easing their own budgetary headaches," (The New York Times, Feb. 7, 1982, p. E5) but by April the plan was dead (Newsweek, April 19, 1982, p. 29; U.S. News and World Report, April 19, 1982, p. 19.). This was due not only to the growing reluctance of the nation's governors to take on more costs during severe economic stress nationwide, but also to earlier gubernatorial experiences with block grant reductions which far exceeded expectations. In the end, at issue between the National Governors' Association and the President was the pivotal welfare swap.

With the demise of the federalism exchange, President Reagan's dream of State laboratories of experimentation was thoroughly dampened. The notion that services would be set directly by 50 State authorities with no floor provided by the government, continued to receive criticism, however, even after the proposal was dismissed (New York Times, Jan. 31, 1982). The President had repeatedly pointed

out during negotiations that the citizens could "vote with their feet" for the type and amount of service they desired. Others, such as Albert Shanker of the American Federation of Teachers, contended that it was unrealistic to suggest that individuals living on Skid Row could move to Beverly Hills, if they desired the services provided there. Finally, mayors feared that states would not retain federal priorities, and that the urban revival of the 1970s would therefore fizzle (The Wall Street Journal, March 2, 1982).

The Third Phase--Efforts at Institutionalization and Containment

The budget scenario of FY 1983 was repeated again in FY 1984, when the Administration continued to propose reduced education spending, but Congress voted to maintain spending at the level of the year before. The following year, FY 1985, even under the pressure of concern about American education triggered by A Nation at Risk "legislation responding to those concerns met a mixed record of success" (Congress & The Nation, 1985). Although states and localities continued to promote efforts to improve schools and colleges, little initiative came from federal officials. A broad new school improvement bill, reminiscent of NDEA, died on the House floor. According to one account, "Congress' appetite for expanding federal school aid was dulled by demands to curb the deficit" (C. Q. Almanac, 1986, p. 285); but 10 expiring aid programs were extended. They included: vocational education; library aids; bilingual education; aid for the education of adults, Indians, women and immigrants. A new program to bolster the quality of mathematics and science was approved by Congress (Congress & The Nation, 1985, p. 570). A record high of $19 billion was appropriated for ED. The Administration--becoming increasingly aware of the strong grassroots popularity of education, spurred by the reports on the quality of education in America--had requested level funding at the appropriation level of the previous year, or $15.4 billion for ED.

The Administration continued to advocate a hands-off federal education policy, leaving the primary responsibility for overseeing and financing education to the States and localities in FY 1986 (C. Q. Almanac, 1986, p. 285). But the President, who in the past had repeatedly called for elimination of the Department of Education, installed a new Secretary of Education, William Bennett. According to some reports:

> Bennett cut a controversial figure from the onset, aggressively defending the Administration's education policies and openly criticizing the education establishment. At his first press conference, he ruffled feathers by saying that some college students could cope with cuts in federal financial aid by simply forgoing such luxuries as cars, stereos, and vacations. (C. Q. Almanac, 1986, p. 286)

In 1986, the attention of educators, Congress, and others focused on college programs, as the Higher Education Act came up for renewal. The Administration's higher education budget proposal sought to eliminate education programs for libraries, international education, cooperative education, graduate studies, college facilities and loans, institutional development, and FIPSE (Fund for the Improvement of Postsecondary Education). Although the Administration's proposals to eliminate the Supplemental Grant program and the National Direct Student Loan programs, and reduce the College Work Study program by $140 million, were rejected by Congress in 1983, most student aid programs were slated for elimination or reductions in the FY 1986 budget proposal. The Education and Labor Committee in the U. S. House of Representatives, reviewing these proposals pointed to the Administration's budget strategy for substantive policy changes:

> For the past five years the Reagan Administration has proposed initiatives to reduce federal student financial assistance by reshaping or eliminating the various programs. The usual vehicle for these efforts has been the Administration's budget recommendations (Committee on Education and Labor, March 1985, p. 30).

In addition to limitations on eligibility for federal funding for student assistance proposed in the budget request, the Administration requested reductions

in aid for Pell Grants. The Committee on Education and Labor estimated that this request would reduce the number of recipients by 808,000 and reduce funding by $632 million. Also, the GSL program "reforms" in the FY 1986 Reagan budget, the Committee argued, would lead "to only one result: total dismantling of the program in less than one year" (Committee on Education and Labor, March 1985, p. 30).

The budget also proposed elimination of the federal contribution of the NDSL program, and the Supplemental Educational Opportunity Grant program, and, according to the Education and Labor Committee, "suggests the elimination of the State Student Incentive Grant program." The TRIO program, which provides recruiting and counseling services for qualified disadvantaged students who are the first generation in their family to attend college, was also slated for a 53% reduction in the Administration's budget.

The Committee on Education and Labor concluded in their report on the FY 1986 budget proposals that,

> It is the Committee's position that the Administration's proposals represent a significant retreat from the long-held and widely-shared federal policy of increasing access and choice for students who wish to pursue higher education . . . As a result of the policies of the Administration over the last four years, the . . . proportion of federal aid received by students in the form of loans has dramatically increased while the proportion received by grants has declined. As the value of aid decreases and what aid remains is increasingly in the form of loans, a generation of student debtors is created. (Committee on Education and Labor, March 1985, p. 41)

The agenda to be supported in the following year in the FY 1987 budget was highlighted by President Reagan in his fifth annual State of the Union address. The President outlined an "Agenda for the Future" that was "largely a reprise of past policy initiatives that Congress had rejected," according to some observers (Congressional Weekly, Feb. 8, 1986, p. 259). Chief among these was his determination to continue the defense build-up, despite budget cutting pressures brought about by the Gramm-Rudman-Hollings law. That Act, signed by the

President and later ruled unconstitutional, set automatic reduction targets, unless budgets met annual deficit-reduction targets leading to a balanced budget by 1991.

In education, the President also repeated several earlier proposals. They included tuition tax credits for parents with children in private schools; vouchers that lower income parents could use to send their children to public or private schools; modifications in the bilingual education program to give States and localities "more flexibility" in educating non-English speaking students; and the restructuring of student aid for higher education with proposals to reduce the aid programs by about 25% (Congressional Weekly, Feb. 8, 1986, p. 263). According to one analyst, "A restive Congress received President Reagan's fiscal 1987 budget with little enthusiasm for its emphasis on defense at the expense of other government activities" (Wehr, 1986).

Further, the 1987 budget proposed by the Administration would have reduced the ED budget by about $3.2 billion, (17%) from the 1986 appropriation level. The Committee on Education and Labor was unequivocal about the effects of these proposals, stating in part:

> The Nation cannot continue to slight education, job training, and social services direct to the poor and working poor . . . We pay a price for our shortsightedness and that cost will increase. Human capital is no different from steel and mortar. Unless it is maintained properly, it will erode. We can patch and mend; but all we do is postpone the day of reckoning. (Committee on Education and Labor, March 1986, p. 5)

President Reagan, in his FY 1988 budget message, emphasized the four point program for economic recovery outlined in February of 1981, harkening back to the economic program outlined in his first year in office. Other familiar themes were evident as well, e.g., increasing the role for state and local governments in assuming federal assistance programs. According to the budget document, "the budget phases out inappropriate Federal Government involvement in local law enforcement, sewage treatment, public schools, and community and regional

development" (Executive Office of the President, 1987, p. M-10). Chief among programs targeted for elimination in education was Federal support for vocational education. According to the 1988 budget document: "Federal funds are not essential to the maintenance and expansion of the vocational educational system. . . Research has shown that investment in vocational education produces only small marginal benefits to participants, and these tend to disappear after several years" (Executive Office of the President, 1987, pp. 2-32). But, as Representative Obey observed, in Hearings on the Appropriations bill:

> The President, in his State of the Union Message, emphasized his concern with our lack of competitiveness . . . and I find it mystifying that the Administration would be suggesting what it is suggesting here about vocational education. We are not going to be very competitive if the Japanese or the Germans or the Koreans or anybody else in the Pacific Rim have a better trained workforce than we do. (Hearings before the Subcommittee on the Committee on Appropriations, 1987, p. 23)

The Committee on Education and Labor concurred:

> Most notably, the President requests total elimination of Federal support for vocational education programs under the Carl D. Perkins Vocational Education Act. This program--the only direct support for vocational training--is currently funded at $882 million. The recommendation to cut off federal funds is difficult to comprehend at a time when two-thirds of young adults aged 19 to 26 will not complete education beyond high school and when one-fourth of American students will drop out of high school. Since over one-half of the Perkins Act funds are, by law, targeted on programs serving special needs groups such as the disadvantaged, the handicapped and single parents, the Federal cuts will disproportionately affect these groups. (Committee on Education and Labor, 1987, p. 4-5)

After rejecting the President's request for deep spending reductions for ED, Congress appropriated funds for major increases in several program areas. They included a $385 million increase over the prior year's appropriation, to help state and local agencies meet the special needs of disadvantaged, migrant, handicapped, neglected, and delinquent children. Congress allocated an additional $127 million over the prior year, for grants to assist States in providing access to all handicapped children. Congress rejected the Administration's proposal for deep

spending reductions in vocational and adult education. And it rejected the President's plans for sharply reduced allocations for student financial aid and guaranteed student loans (National Journal, Jan. 9, 1988, p. 68). According to the Committee on Education and Labor:

> The President's budget for fiscal year 1988 recommends eliminating support for several critical areas of Federal education assistance, which affects elementary, secondary, and vocational education programs. At a time when the public is urging improvements in the quality of education, and States and local school districts are attempting to respond, the Federal government has been reducing its support for elementary and secondary education. (Committee on Education and Labor, 1987, p. 4)

According to one author, in recent years, lawmakers of both parties have grown increasingly clever at dismissing President Reagan's proposed budgets. In this, "[t]he phrase 'dead on arrival' [has given way] to 'dead before arrival'." (National Journal, Jan. 9, 1988, p. 67)

PRESIDENTIAL BUDGET REQUESTS AND CONGRESSIONAL APPROPRIATIONS, 1980-88

An analysis of President Reagan's budgets for education over his eight-year term of office, reads like a litany of travail. Even taking the Congressional response into account, the fiscal record that has evolved gives credence to those who point to diminution in the federal education budget over the Reagan years.

Since 1980, Federal funding for The Department of Education (ED) has decreased in real terms by 3.25%. Likewise, Federal outlays for ED have decreased as a percent of the Gross National Product from .6% in FY 1980, to an estimated .4% in 1988 (Evans, 1988). Funding for the Department of Education has also declined as a percentage of total budget outlays since 1980. In 1980, ED funds were 2.5% of total budget outlays; in 1988 they have dropped to an estimated 1.8%. In addition, the proportion of ED's outlays for human resource programs has declined from nearly 5% of total outlays that were made for human resource programs in 1988, to an estimated 3.9% in 1988 (Evans, 1988). Finally, the federal

share of total expenditures for elementary and secondary education programs has also declined over the last eight years. It was 8.7% in 1980-81. Since then it has dropped to approximately 6.2% in 1987-88 (Verstegen & McGuire, 1988).

Since FY 1980, the Administration's requests for ED funding (unadjusted) amounted to an increase of just over 13%--but less than 1% when sequesters, rescissions, reappropriations, and supplementals are considered. In total current dollars, presidential requests were approximately 19% below Congressional appropriation levels during the 1980-88 period. In nearly every year, President Reagan has requested less money for education than was approved by Congress the prior year. Presidential requests were 11% below FY 1980 Congressional appropriations in 1981; 1982 budget requests dropped nearly 16% below prior year appropriation levels; 1983 budget requests were almost 14% below the prior year's appropriation. In FY 1985, an election year, the Administration requested level funding for ED. The following three years, however, i.e., 1986, 1987, 1988, the Reagan Administration requested less than 20% of the prior year's appropriation for ED. Although Congress increased appropriations beyond presidential requests in every year from 1980 to 1988, in real terms, funding for ED is still about $453 million lower today than before the Reagan Administration took office.

When funding for elementary-secondary education and higher education are compared from FY 1980-1988, the evidence shows the largest reductions have fallen most heavily on elementary and secondary federal education assistance programs. While Congressional appropriations in 1988 versus 1980 were 35% higher for programs in the elementary and secondary area, when inflation is considered, actual funding for elementary and secondary education programs in 1988 is approximately 12% lower today than in 1980--a reduction of $942 million.

For higher education (including student financial assistance, guaranteed student loans, other higher education programs, and college construction loans) the Administration's funding requests were nearly 18% lower in 1988 than in 1980. Conversely, Congressional appropriations, when compared to 1980, increased 35%. However, when inflation is taken into account, funding for higher education is only 9% higher in 1988 than in 1980.

Funding for ED during the Reagan years is analyzed further in the balance of this report. Funding for each account included in the Department of Education total is described in detail.

Compensatory Education

Compensatory education is authorized under the Education Consolidation and Improvement Act, Chapter 1, as amended. It provides funding for disadvantaged children through basic grants, and through state agency grants for migrant, handicapped, neglected, and delinquent children. Chapter 1 was originally enacted as Title I of the Elementary and Secondary Education Act in 1965, as a cornerstone of President Lyndon B. Johnson's "War on Poverty." Its aim has been to provide supplementary educational and related services to educationally disadvantaged children who attend schools serving relatively low-income areas. In 1981 the legislation authorizing the program was substantially revised into the current Chapter 1 program.

Beneficiaries. The latest year for which estimated participation data are available for the basic grant program is 1984-85. According to these data, participation declined substantially between 1979-80 and 1981-82 from 5,402,311 to 4,866.103 (-9.9%), and remained relatively stable between 1981-82 and 1983-84 (-0.4%). For the Chapter 1 State agency grant programs (for migrant, handicapped,

neglected, or delinquent children), ED estimates participation to be approximately 650,000 children (Riddle, 1987, p. 12).

Federal Funding Changes. Congressional appropriations provided increased funding for Chapter 1 each year from 1981 to 1988 compared to the Administration's requests for Chapter 1 funding (Table 1, Figure 1). The largest increase was for 1983 (65%) and the lowest for 1986 (1.61%). Only in 1980, before the current Administration took office, was the presidential budget request for Chapter 1 higher than the Congressional appropriation for the program. In that year Congressional appropriations were 7.5% below the budget request level.

When Congressional appropriations for each year from 1981 to 1988 are compared to 1980 levels in current (unadjusted) terms, funds show decreases in 1981, 1982, and 1983. After 1983, Congressional appropriations exceeded 1980 levels. They varied from an increase of approximately 8% in 1984, to about 35% in 1988. However, when inflation is taken into consideration, appropriations for Chapter 1 programs were lower each year from 1981 to 1988, compared to 1980 levels. Funding in real terms was 11% lower in 1981 than in 1980; 19% lower in 1982 and 1983; 16% lower in 1984; 15% lower in 1985; 21% lower in 1986; and 16% and 12% lower in 1987 and 1988, respectively.

According to a study prepared for ED, reductions in the number of children served under the Chapter 1 program were proportional to cuts in the real, i.e., constant, dollar level of program allocations. Thus, according to the study, the primary effect of reductions in Chapter 1 allocations was to reduce the number of children served. Most often service reductions for the older (secondary) or younger (kindergarten and pre-kindergarten) child occurred, in subjects other than reading (Riddle, 1987).

TABLE 1. COMPENSATORY EDUCATION
ESTIMATES AND APPROPRIATIONS

	Budget Estimate To Congress (in thousands)	Congressional Appropriation (in thousands)	Difference Appropriation and Budget	Appropriation Change From FY 1980	Change From FY 1980 Adjusted for Inflation
1980	$3,485,715	$3,222,676 1/	-7.55%	---%	---%
1981	2,643,581 2/	3,111,620 1/	17.70	-3.45	-11.34
1982	2,481,047 3/	3,040,980 1/	22.57	-5.64	-19.21
1983	1,942,000	3,207,894 1/	65.19	-0.46	-19.14
1984	3,013,969	3,487,500 1/	15.71	8.22	-16.05
1985	3,480,000	3,695,663	6.20	14.68	-15.31
1986	3,480,524 4/	3,536,719 5/	1.61	9.74	-21.89
1987	3,680,663 6/	3,951,663	7.36	22.62	-16.19
1988	4,144,163 7/	4,336,543	4.64	34.56	-12.22

1/ Reflects enacted supplementals, rescissions, and reappropriations.

2/ Revised request submitted February 1980.

3/ Revised request submitted September 1981.

4/ Includes sequester of $-158,914,000 and a rescission request of $-7,177,000.

5/ Includes sequester of $-158,914,000.

6/ Includes proposed rescission request of $7,500,000.

7/ Includes a total of $4,144,163,000 requested under proposed legislation for Chapter 1.

Source: Budget and Appropriation figures were derived from U. S. Department of Education Justifications of Appropriation Estimates for Committees on Appropriations, Fiscal Year 1988, Volume 1, p. 11.

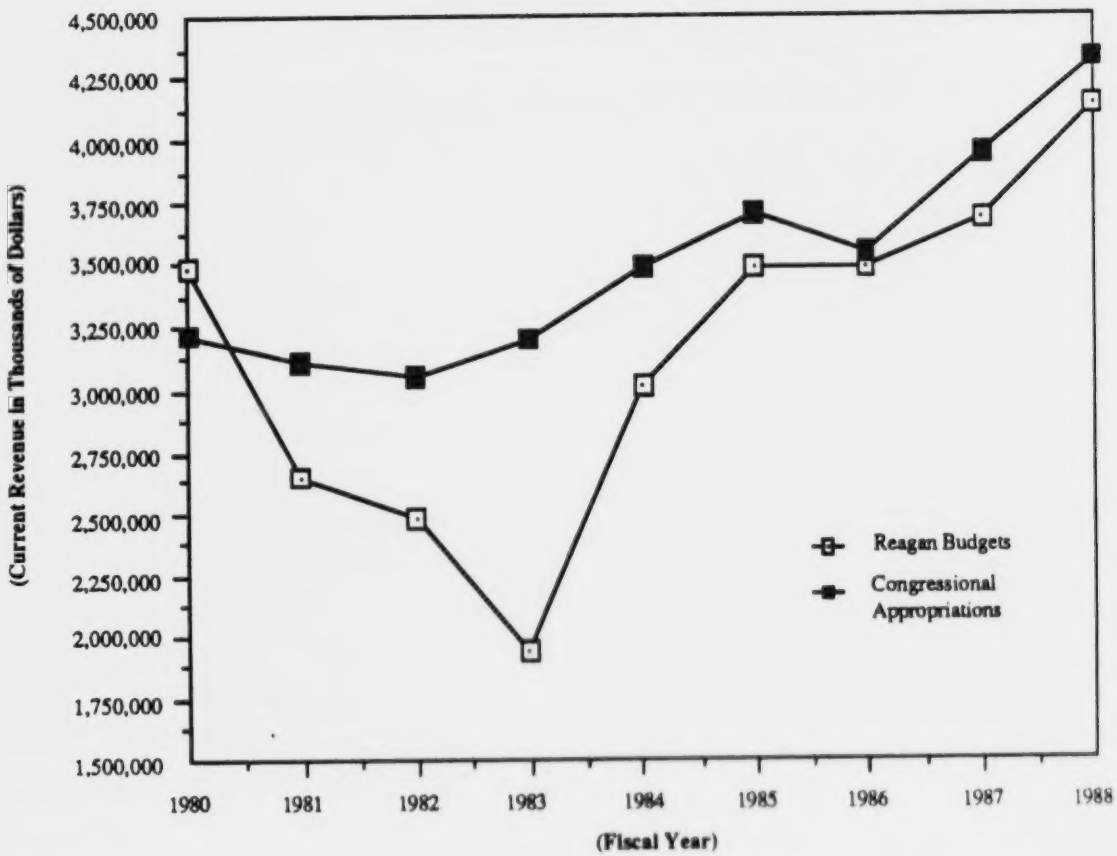

Figure 1. A Comparison of Reagan Budget Requests and Congressional Appropriations for Compensatory Education, 1980-1988

Another study of Chapter 1 implementation during 1983 and 1984 in 24 school districts (McLaughlin, 1987) found that 22 of these LEAs experienced a reduction in grants (in constant dollars) over this period. The districts responded in a variety of ways, including serving fewer students, reducing staff, purchasing fewer instructional materials, or implementing new ways to provide services.

Impact Aid

The Impact Aid program compensates school districts for the cost of educating children when enrollment and the availability of revenues from local sources have been adversely affected by Federal activities or natural disasters. Public law 81-874 as amended provides maintenance and operations funds for this purpose. Federal activities are defined in law to include military bases, government offices, Indian lands, and low-rent public housing. Under Section 7 of the Impact Aid program, financial assistance is provided to LEAs for the repair of school facilities that have been damaged by natural disaster.

Beneficiaries. The Department of Education estimates that nearly one out of every five school districts in the United States received Impact Aid payments in FY 1986.

Changes in the language of the annual appropriations acts have affected the eligibility of school districts for Impact Aid. Prior to FY 1982 the number of eligible local education agencies (LEAs) was about 4,000. From 1982 to 1984 the number of participating LEAs declined to 2,300. This resulted from disallowing payments to participating LEAs that were less than $5,000 (under Section 3 payments). Since 1985, the minimum payment provision has been excluded from appropriations language thereby restoring eligibility of approximately 1,700 LEAs. About half of these school districts have applied for funding resulting in an

estimated 3,100 school districts participating in the Impact Aid program in 1986 (Holland, 1987a).

Federal Funding Changes. In every year from 1980 to 1988, Congress has appropriated more funds for Impact Aid programs than requested by President Reagan. In 1981, Congressional appropriations were double the Administration's request. Since that time, increases over presidential requests of between 30% and 88%, have been approved by Congress. However, Congressional funding for Impact Aid (unadjusted) in 1988 was 6% below appropriation levels of 1980. In fact, funds in every year from 1981-88 have been below 1980 levels. When adjusted for inflation, the decreases are striking. In all years except 1981 (-17%), appropriations have been at least 30% below 1980 levels. In 1982 and 1983, appropriations for Impact Aid programs show reductions of 48% and 41%, respectively, below 1980 levels (Table 2, Figure 2).

Special Programs

Special Programs funding includes three state formula grant programs with an array of purposes, and several smaller discretionary grant programs designed to give Federal assistance in areas of national concern or to address the needs of particular segments of the population. Three of the programs are: (1) Chapter 2 of ECIA; (2) Christa McAuliffe Training and Improvement Initiative; (3) Magnet Schools. The stated purposes of these programs is to support efforts in states and local communities to improve educational quality.

The largest of these programs is the Elementary and Secondary Education Block Grant, authorized under Chapter 2 of the ECIA. Besides providing funding for localities and State Departments of Education, Chapter 2 also provides a discretionary fund for the Secretary of Education. Program priorities include: the inexpensive book distribution program, arts in education, alcohol and drug abuse

TABLE 2. IMPACT AID
ESTIMATES AND APPROPRIATIONS

	Budget Estimate To Congress (in thousands)	Congressional Appropriation (in thousands)	Difference Appropriation and Budget	Appropriation Change From FY 1980	Change From FY 1980 Adjusted for Inflation
1980	$458,000	$755,000 1/	64.85%	---%	---%
1981	339,000	681,750 1/	101.11	-9.70	-17.08
1982	326,000	456,200 1/	39.94	-39.57	-48.27
1983	286,880	540,200 1/	88.30	-28.45	-41.88
1984	455,000	600,300 1/	31.93	-20.49	-38.32
1985	506,630	695,000	37.18	-7.95	-32.01
1986	513,222 2/	682,722 2/3/	33.03	-9.57	-35,64
1987	530,500 4/	717,500	35.25	-4.97	-35.04
1988	548,000	708,476	29.28	-6.16	-38.79

Note: This table excludes funds for Section 6, authorization, which was transferred to the Department of Defense as of fiscal year 1982.

1/ Reflects enacted supplementals, rescissions, and reappropriations.

2/ Reflects sequester of $-29,778,000.

3/ Includes supplemental of $20,000,000

4/ Includes proposed rescission of $17,500,000

Source: Budget and appropriation figures were derived from U. S. Department of Education, Justifications of Appropriation Estimates for Committes on Appropriations, Fiscal Year 1988, Volume 1, p. 60.

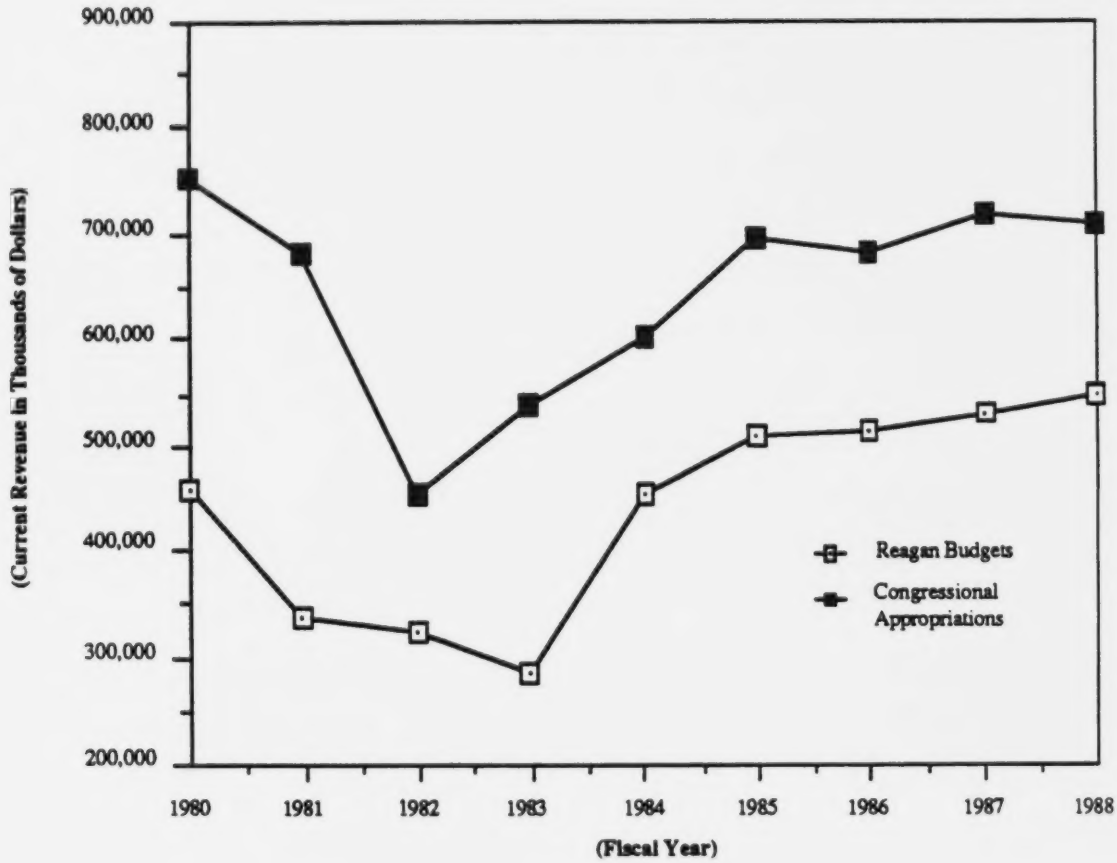

Figure 2. A Comparison of Reagan Budget Requests and Congressional Appropriations for Impact Aid, 1980-1988

education, law related education, the national diffusion network, and initiatives of interest to the Secretary of Education.

Special Programs funding beyond Chapter 2 also includes: Drug Free Schools (PL 99-570), Science and Mathematics Education (PL 98-377), Leadership in Educational Administration (HEA V-C-2), Territorial Teacher Training (PL 95-561, Sec. 1525), Education of Homeless Children and Youth (PL 100-77), Women's Educational Equity (ESEA IX-C), Training and Advisory Services under the Civil Rights Act (CRA IV), Follow Through (Follow Through Act), and a variety of other, smaller initiatives.

Beneficiaries. Beneficiaries under the State grant portion of the education block grant, the largest of programs in this area, are potentially all aged 5-to-17 public and private school students.

Federal Funding Changes. Congress appropriated more funds for special programs than requested by the Administration, in all years, except 1984, when the budget request matched the Congressional appropriation (Table 3, Figure 3). The lowest increase in Congressional appropriations over budget requests occurred in 1982, when Congress appropriated 5.6% for programs slated for reductions under President Reagan's rescission proposal to the 1981 budget authority, for programs which were included in the block grant proposal in 1982. Antecedent programs to the block grant accounted for nearly $800 million; activity in this program, therefore, overpowers other funding changes occurring in the special programs chronology.

The Chapter 2 block grant was funded at $470.4 million. This represented a reduction in funding the antecedent programs of nearly 40%. The block grant retained its funding level over the next few years. As a result, Congressional appropriations for special programs tend to retain the initial drop in funds, and

TABLE 3. SPECIAL PROGRAMS
ESTIMATES AND APPROPRIATIONS

	Budget Estimate To Congress (in thousands)	Congressional Appropriation (in thousands)	Difference Appropriation and Budget	Appropriation Change From FY 1980	Change From FY 1980 Adjusted for Inflation
1980	$732,975	$896,076 1/	22.25%	---%	---%
1981	581,920	614,471 1/	5.59	-31.43	-37.03
1982	471,280	536,880 1/	13.92	-40.09	-48.70
1983	433,000	534,500 1/	23.44	-40.35	-51.54
1984	528,879	528,367 1/	00.00	-41.04	-54.26
1985	698,879 2/	758,109	8.48	-15.40	-37.52
1986	579,807 3/	674,789	16.38	-24.70	-46.40
1987	628,356 4/	934,890	48.78	4.33	-28.69
1988	784,337 5/	987,655	25.92	10.22	-28.10

1/ Reflects enacted supplementals, rescissions, and reappropriations.

2/ Includes proposed rescissions of $80,000,000.

3/ Includes sequester of $30,320,000 and proposed rescission of $37,782,000.

4/ Includes sequester of $30,320,000.

5/ Includes proposed rescission of $50,553,000; and $609,337,000 to be requested under proposed legislation for Christa McAuliffe Teacher Training and Improvement and Chapter 2.

Source: Budget and appropriation figures were derived from U. S. Department of Education, Justifications of Appropriation Estimates for Committes on Appropriations, Fiscal Year 1988, Volume 1, p. 99.

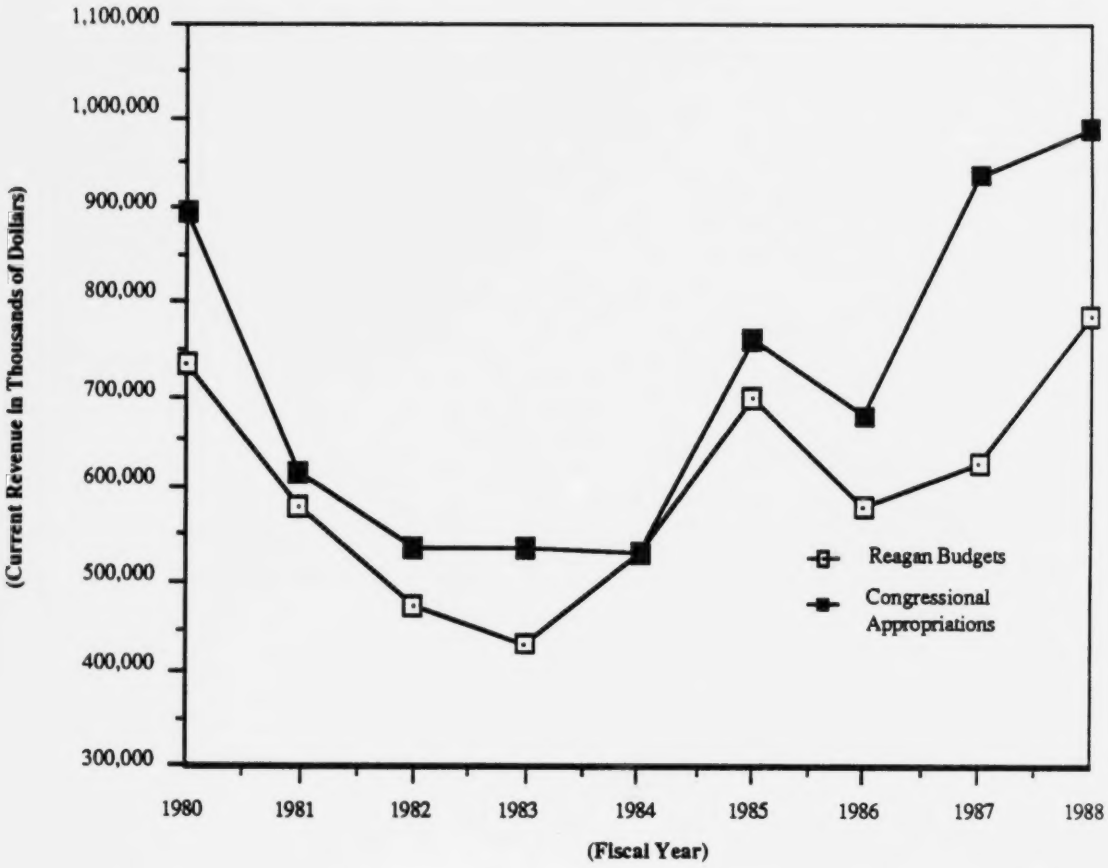

Figure 3. A Comparison of Reagan Budget Requests and Congressional Appropriations for Special Programs, 1980-1988

show reductions of 40% from 1982 to 1984, when compared to 1980 amounts. In 1987 and 1988, owing to newly enacted programs, funding showed increases over 1980--4% for 1987, and 10% for 1988.

Compared to 1980, Congressional appropriations show precipitous funding losses for special programs in all years, when adjusted for inflation. Appropriations were reduced over 50% in 1983, and 1984; they showed decreases of approximately 47% and 49% in 1986 and 1982, respectively. In no year were appropriation higher than -28% of 1980 levels, when adjusted for inflation.

A study conducted to determine the impact of funding losses on States and local education agencies under Chapter 2, found:

> The wide dispersion in aid under the block grant, compared to the supplanted categoricals, resulted in allocative shifts away from former target groups of students, former national priority programs, former recipient jurisdictions and from operational to capital expenditures (Verstegen, 1985, p. 523).

Bilingual Education

The Bilingual Education Program is authorized through Title VII of the Elementary and Secondary Education Act of 1965, as amended (PL 98-511). The program was developed to address the needs of students who speak a language other than English or who have limited English proficiency (LEP). Funds provide support for instructional programs for LEP students, and training programs for staff and support services. Funding under the program supports instruction of bilingual students in their native language for all subjects until minimal proficiency is established in English. A portion of funding is available to support programs in which teachers mainly speak English to LEP students.

Beneficiaries. In materials presented by the Department of Education to support the President's FY 1988 budget request, the Department of Education (ED) estimated that approximately 212,373 LEP students are participating in local

instructional programs funded under the bilingual education program. Training programs serve over 8,500 students and instructional personnel. Various support service projects are assisted by Title VII funds (Holland, 1987).

Title VII local instructional programs served approximately 20,507 fewer students in the 1986-87 school year than in the 1980-81 year. This represents a decrease in participation of approximately 9%. Fellowships awarded for graduate study in bilingual education teacher training decreased from 560 in 1980-81 to 250 in the 1986-87 year (Holland, 1987).

A number of reports have recently pointed to rising numbers of bilingual students as a percentage of the total school population (Hodgkinson, 1985). Consequently, there will be increased demands for services needed for LEP children in the future, as required by the U. S. Supreme Court decision in Lau vs. Nichols.

Federal Funding Changes. Federal funding changes for bilingual education show large reductions in aids since FY 1980 on all fronts (Table 4 and Figure 4). President Reagan's requests have never matched the budget estimate for bilingual education of his predecessor. Presidential requests for bilingual education, in every year, have been lower than the Congressional appropriation in 1980.

Although Congressional appropriations have exceeded presidential requests in all years since 1980, (except for 1982, when they were 4% lower), Congressional appropriations have been lower in every year from 1981 to 1987, than in 1980. When adjusted for inflation, reductions in funds, compared to 1980, show losses of 11% (in 1981) to 30% -- 40% (in 1983 through 1987). In no year, when adjusted for inflation, are Congressional appropriations equal to or greater than appropriations in 1980.

TABLE 4. BILINGUAL EDUCATION
ESTIMATES AND APPROPRIATIONS

	Budget Estimate To Congress (in thousands)	Congressional Appropriation (in thousands)	Difference Appropriation and Budget	Appropriation Change From FY 1980	Change From FY 1980 Adjusted for Inflation
1980	$178,250	$166,963 2/	-6.33%	---%	---%
1981	134,822	161,427 2/	19.73	-3.32	-11.22
1982	143,810	138,058 2/	-4.00	-17.31	-29.21
1983	94,534	138,057 2/	46.04	-17.31	-32.83
1984	94,534	139,365 2/	47.42	-16.53	-35.24
1985	139,245	142,951	2.66	-14.38	-36.77
1986	136,811 3/	136,811 3/	0.00	-18.06	-41.68
1987	142,951	143,095	0.10	-14.30	-41.42
1988	143,095	191,751	34.00	14.85	-25.08

1/ Excludes amounts associated with Immigrant Education.

2/ Reflects enacted supplementals, rescissions, and reappropriations.

3/ Reflects sequester of $6,140,000.

Source: Budget and appropriation figures were derived from U. S. Department of Education, Justifications of Appropriation Estimates for Committes on Appropriations, Fiscal Year 1988, Volume 1, p. 179.

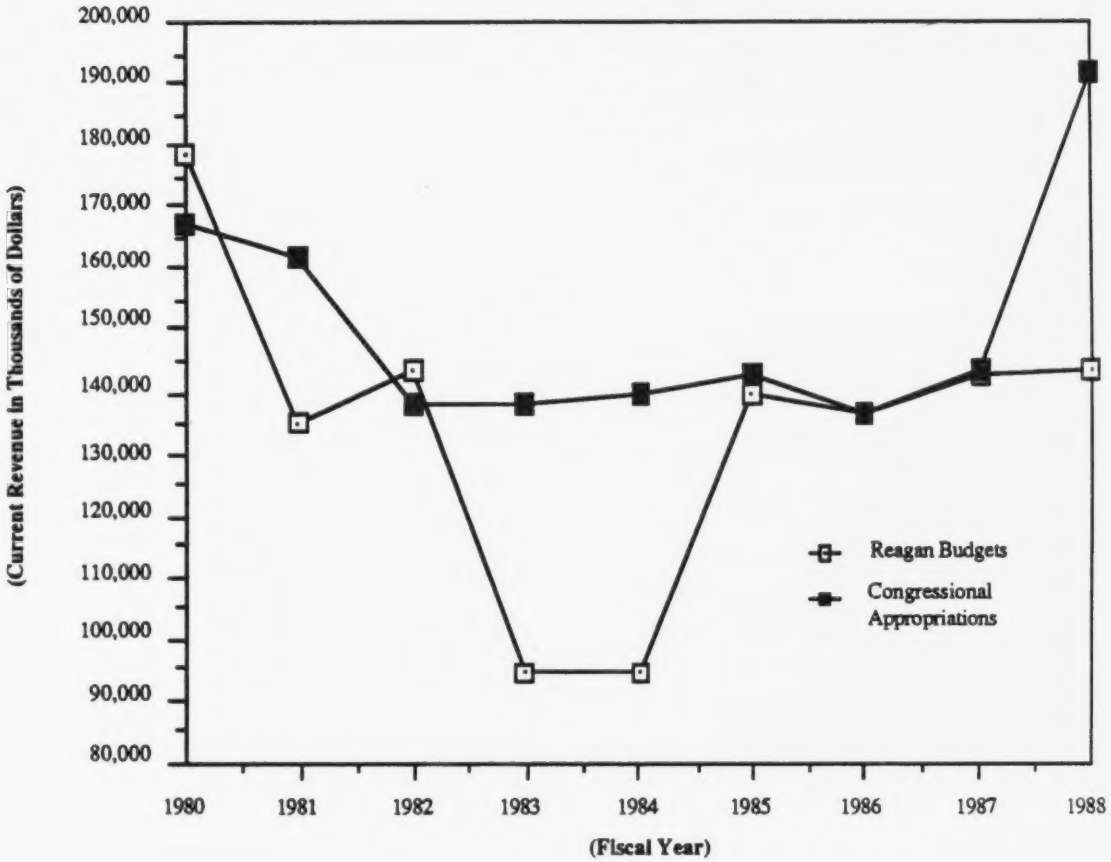

Figure 4. A Comparison of Reagan Budget Requests and Congressional Appropriations for Bilingual Education, 1980-1988

Education for the Handicapped

The purpose of the Education of the Handicapped Act (EHA) (Fraas, 1987a) is to ensure that all handicapped children have available to them a free and appropriate public education which provides special education and related services designed to meet their unique needs, to ensure the rights of handicapped children and their parents, to assist states and localities in providing for the education of all handicapped children, and to assess the effectiveness of educational strategies for teaching handicapped children. All of the programs supported under this area are directed toward one or more of these objectives. Programs include State grants (EHA part B, except section 618); special purpose funds (EHA, part C, section 622-626), and research and technology, (EHA, part B, section 618; part E, part F, and Part G). The State grant program is designed to assure that every handicapped child aged 3--21, receives a free and appropriate public education in the least restrictive environment. State grants may amount to up to 40% of the U. S. national average per pupil expenditure (APPE) to pay for excess costs associated with each handicapped child. According to the Congressional Research Service, "The [Reagan] Administration's budget policy is to maintain the Federal share at 8.4% of the APPE. . ." (Smith, 1987a, p. 40)

Beneficiaries. In the 1985-86 school year, states identified slightly more than 4.1 million handicapped children as receiving services under the Education for All Handicapped Children State grant activities. Children identified had 1 or more of 9 physical or mental conditions which ranged from severely or profoundly handicapped individuals--who require intensive interventions--to children with mild handicapping conditions. Almost 45% of the children served under this program are classified as learning disabled; followed by speech or language impaired, with 27%; and mentally retarded with 14%. The remaining children include those who are emotionally

disturbed, orthopedically impaired, hearing impaired, visually impaired, or other health impaired, or multi-handicapped (Fraas, 1987a).

Federal Funding Changes. Of the last eight years (1980-1988), only in 1986 and 1988 were funds requested for handicapped children equal to or greater than those ~~that~~ requested by President Carter in 1980. In every year, except 1986, from 1981 to 1987, the President requested less money for handicapped children than was requested in 1980. (Table 5, Figure 5)

Congress provided higher annual appropriations for handicapped children than the President requested, in every year, 1980-88. These increases ranged from 11% (in 1984) to about 70% (in 1987) beyond the budget request, except for fiscal year 1985--an election year, when they exceeded requests by only approximately 9%.

When Congressional appropriations for Education for the Handicapped are compared over time, it can be noted that in every year funding has registered increases over 1980 (between 2.6% -- 78%), except in 1981 (-2.27%). However, when funding is adjusted for inflation a different picture emerges. Real decreases in funds are recorded for every year from 1981 to 1986 (1981, -10%; 1982, -13%; 1983, -7%; 1984, -8%; 1985, -7%; 1986, -8%). In 1987 and 1988, real appropriations increased 13.5% and 16.2%, respectively, compared to 1980.

Rehabilitation Services and Handicapped Research

The Rehabilitation Services and Handicapped Research area of the Department of Education, provides programs that carry out the Rehabilitation Act of 1973 as amended, and the Helen Keller National Center Act.

The State grant program is the major component of the Rehabilitation Act and comprises approximately 86% of its funding. The state grant portion of the Rehabilitation Act authorizes grants to State vocational rehabilitation agencies for the purpose of preparing physically or mentally handicapped individuals for gainful

TABLE 5. EDUCATION FOR THE HANDICAPPED ESTIMATES AND APPROPRIATIONS

	Budget Estimate To Congress (in thousands)	Congressional Appropriation (in thousands)	Difference Appropriation and Budget	Appropriation Change From FY 1980	Change From FY 1980 Adjusted for Inflation
1980	$1,027,825	$1,049,025 1/	2.06%	---%	---%
1981	834,112	1,025,231 1/	22.91	- 2.27	-10.26
1982	783,508	1,068,580 1/	36.38	1.86	-12.79
1983	845,623 2/	1,199,357 1/	41.83	14.33	- 7.12
1984	1,110,207	1,240,600 1/	11.74	18.26	- 8.25
1985	1,214,445	1,321,270	8.80	25.95	- 6.98
1986	1,201,072 3/	1,350,356 4/	12.43	28.72	- 8.38
1987	1,014,441 5/	1,741,900	71.71	66.05	13.50
1988	1,488,181	1,869,019	25.59	78.17	16.22

1/ Reflects enacted supplementals and rescissions.

2/ Includes an unspecified amount for Education Consolidation and Improvement Act, Chapter 1 Handicapped activities, which were proposed for consolidation into a block grant in the fiscal year 1983 budget request.

3/ Reflects sequester and proposed rescission.

4/ Includes sequester of $60,644,000.

5/ Reflects proposed rescission of $288,659,000.

Source: Budget and appropriation figures were derived from U. S. Department of Education, Justifications of Appropriation Estimates for Committee on Appropriations, Fiscal Year 1988, Volume 1, p. 223.

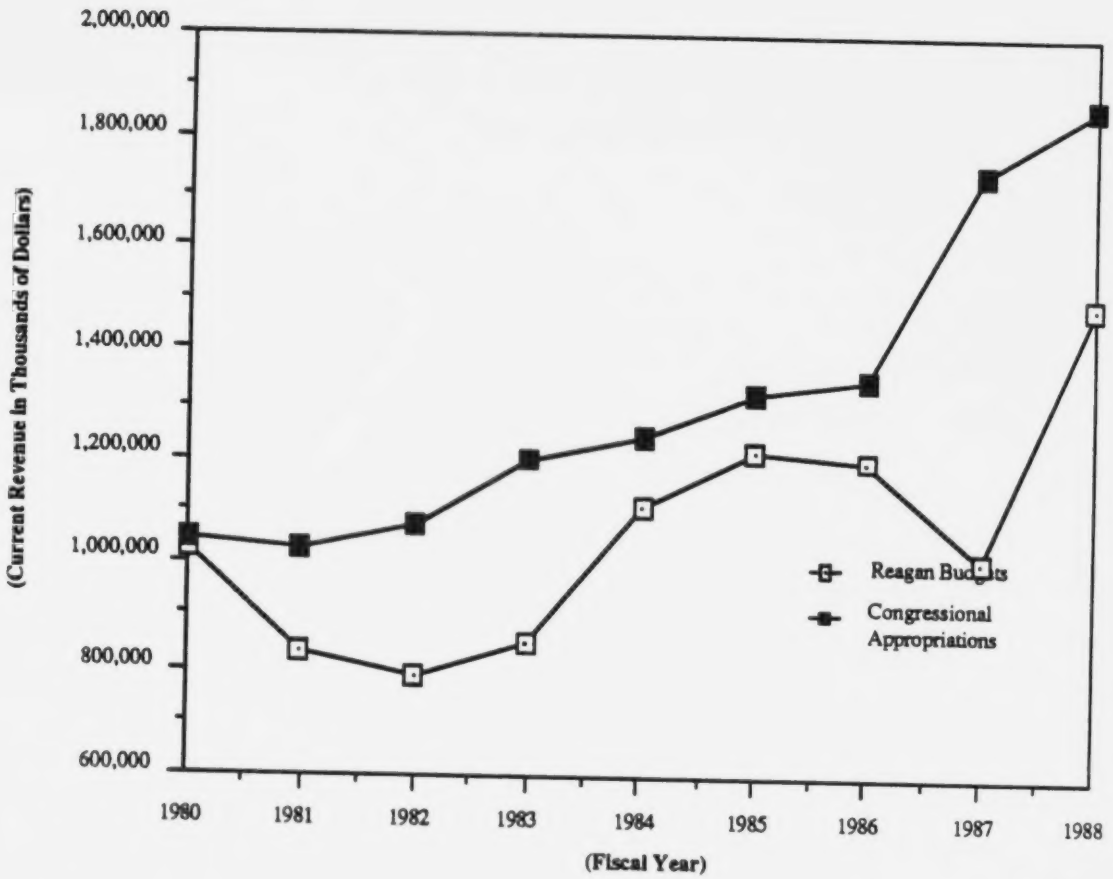

Figure 5. A Comparison of Reagan Budget Requests and Congressional Appropriations for Education for the Handicapped, 1980-1988

employment. A priority in delivery of services is for severely handicapped individuals with employment potential. Other programs included in this Act consist of discretionary funding for demonstration service projects, research, and professional training.

The Helen Keller National Center for Deaf-Blind Youths and Adults provides comprehensive training and rehabilitation services for the most severely disabled and disadvantaged deaf-blind youth and adults. It also trains personnel to work with deaf-blind youths. The 1988 budget request for this program was $4.6 million, compared to a total request for this area of $1.4 billion.

Beneficiaries. Under the vocational rehabilitation State grant, in 1986, the last year for which data are available, state agencies served about 923,800 disabled persons and provided rehabilitation services to approximately 223,300 persons. Sixty-one percent of persons served in 1986 were severely disabled. This compares to 32% in 1974 (Smith, 1987a, pp. 42-43).

Federal Funding Changes. In 1981 and 1982, the Administration's budget request exceeded the prior year's appropriation for Rehabilitation Services and Handicapped Research. After that time budget requests in each year from 1983 to 1988 were lower than appropriations for the program the previous year (Table 6, Figure 6).

Yearly comparisons of appropriations and budget requests from 1980-88 generally show that Congress provided more revenue for the program than was requested by the President. However, in 1982 (and in the last Carter year, 1980) the Administration requested about 6% more for the program than was funded (when the effects of rescissions and supplementals are taken into account). In 1983 the budget request was $650 million. This compares to the 1980 request of $947 million.

TABLE 6. REHABILITATION SERVICES AND HANDICAPPED RESEARCH ESTIMATES AND APPROPRIATIONS

	Budget Estimate To Congress (in thousands)	Congressional Appropriation (in thousands)	Difference Appropriation and Budget	Appropriation Change From FY 1980	Change From FY 1980 Adjusted for Inflation
1980	$ 946,619	$ 931,094 1/	-1.64%	---%	---%
1981	936,619	953,544 1/	1.81	2.41	- 5.96
1982	1,010,519	951,974 1/	-5.79	2.24	-12.46
1983	649,807	1,045,154 1/	60.84	12.25	- 8.81
1984	1,036,534	1,155,100 1/	11.44	24.06	- 3.76
1985	1,091,660	1,234,015 2/	13.04	32.53	- 2.12
1986	1,088,722 3/	1,309,761 4/	20.30	40.67	0.12
1987	1,097,955 5/	1,484,758	35.23	59.46	9.00
1988	1,401,123	1,590,400	13.51	70.81	11.42

1/ Reflects enacted supplementals and rescissions.

2/ Reflects supplemental of $715,000.

3/ Reflects sequester and proposed rescission.

4/ Reflects sequester.

5/ Reflects proposed rescission of $-127,455,000.

Source: Budget and appropriation figures were derived from U. S. Department of Education. Justifications of Appropriation Estimates for Committes on Appropriations, Fiscal Year 1988, Volume 1, p. 281.

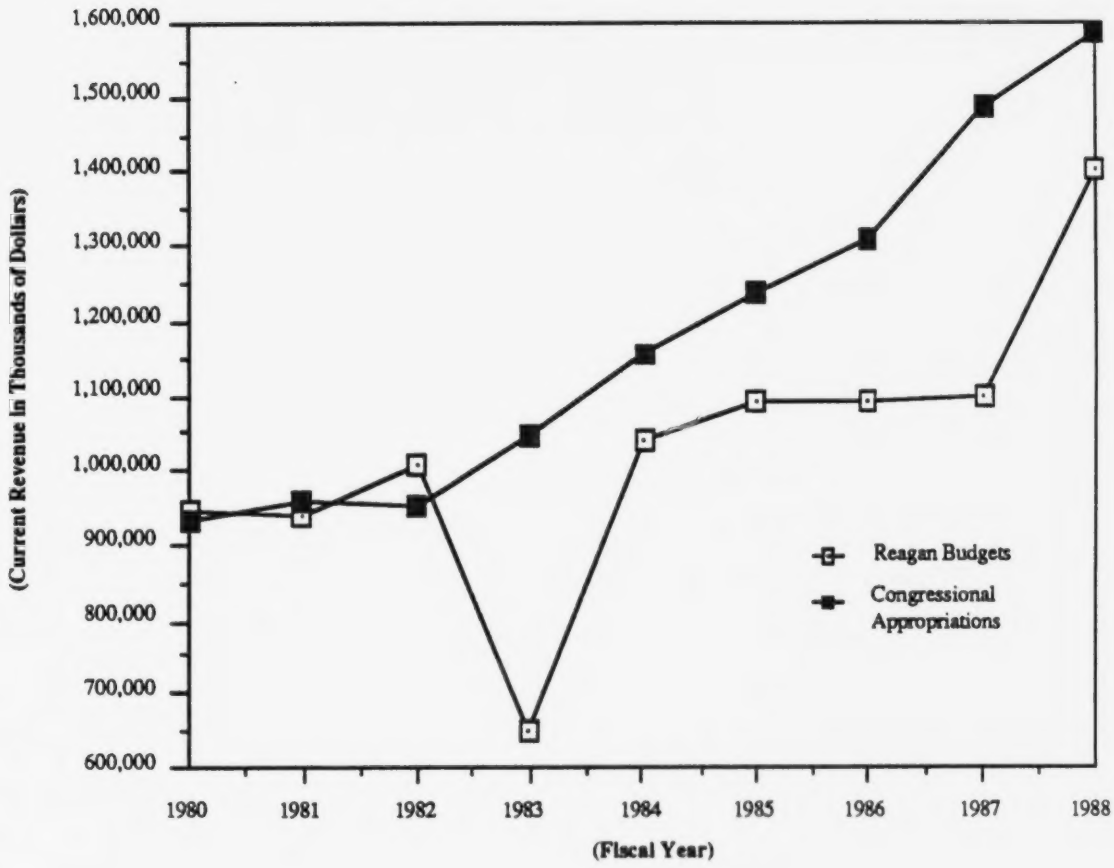

Figure 6. A Comparison of Reagan Budget Requests and Congressional Appropriations for Rehabilitation Services and Handicapped Research, 1980-1988

In 1983, Congress provided more than 60% in funding above the President's request. Congressional appropriations in other years ranged from 2% (1981) to 35% (1987).

Since 1980, Congress has provided increased appropriations for Rehabilitation Services and Handicapped Research, in comparison to 1980. Increases have ranged from about 2% in both 1981 and 1982; to 60% and 70%, in 1987 and 1988, respectively. When Congressional appropriations are adjusted for inflation, however, the data show that in comparison to 1980, provisions for the program have dropped in 5 successive years: 1981 (-6%); 1982 (-13%); 1983 (-9%); 1984 (-4%); and 1985 (-2%). In 1986, the program received level funding. Funds showed real growth in 1987 (9%) and 1988 (12%).

Vocational and Adult Education

Vocational education is authorized under the Carl D. Perkins Vocational Education Act (PL 98-524), as amended (The Perkins Act replaced the Vocational Education Act of 1963). Under the Perkins Act, states are permitted to use up to 7% of their basic grant funds for administration. The remainder is divided between two major programs. Fifty-seven percent of the remainder is provided for support of vocational education services targeted on six groups: the handicapped (10%); the disadvantaged (22%); single parents and homemakers (8.5%); participants in programs to eliminate sex bias and stereotyping (3.5%); adults in need of training or retraining (12%), and criminal offenders in correctional institutions (1%). The remainder is to be used for vocational education program improvement and expansion, and innovative activities (43%) (Department of Education, Justifications, Volume 1, 1988, n.d.,p. 379).

Adult education is authorized under the Adult Education Act (PL 89-750, Title III), as amended. It assists educationally disadvantaged adults in developing basic

skills and in obtaining high school equivalency certificates.

Beneficiaries. According to estimates from the Department of Education for 1982-83, Basic Grants supported an enrollment of about 13 million in Vocational Education programs. Other data indicate that this number may be as low as 5.9 million. Studies have shown that a larger portion of federal funds, compared to state-local funds, are used to serve special populations and for program improvement (Irwin, 1987a, p. 48).

For adult education, the Department of Education has projected participation of 2.8 million persons during the 1986-87 year. Of these, approximately 70% receive instruction in basic skills or English-as-a-second-language, and 30% are in programs leading to the equivalent of a high school diploma. According to Irwin (1987b, pp. 52-53), "The number of AEA participants (2.8 million) may be contrasted with the 11 million American adults who have not completed the eighth grade, 39 million who have not completed the twelfth grade, and the Department's estimate of 17 to 21 million adults who are functionally illiterate."

Federal Funding Changes. The Administration's requests for vocational and adult education, (1981-88) have never equaled the 1980 budget request for this program. In every year from 1981 to 1988, the request for vocational and adult education was below Congressional appropriations in 1980, and its appropriation the previous year. In FY 1988, the Administration proposed eliminating vocational education and included no funding in its budget request for the program (Table 7, Figure 7).

Congressional appropriations for vocational and adult education exceeded the Reagan Administration's requests for the program in every year. Congress appropriated about 16% over budget requests in 1981; 17% more in 1982; 66% above budget requests in 1983; an additional 69% in 1984; 12% more in 1985; and an

increase of 55% in 1986. In 1987 Congress appropriated a striking 1,250% over the Administration's requests. The proposals to terminate federal support for vocational education were never treated seriously by Congress. This was followed in 1988 by Congressional appropriation of about 674% above the Administration's requests.

Compared with Congressional appropriations for vocational and adult education in 1980, appropriations have been lower in all years except 1987 and 1988 (from -1% in 1986 to -18% in 1982). When adjusted for inflation, real funding for the program has been 20% to 29% lower for vocational and adult education, in every year from 1981-88, compared to funding in 1980.

Student Financial Assistance

Student financial assistance includes 11 major student assistance programs: (1) Pell Grants (authorized in the Higher Education Act [HEA, Title IV-A-1]); (2) Institutional payments for Pell Grants (HEA, Title IV-G, Section 489); (3) Supplemental Opportunity Grants (HEA, Title IV-A-2); (4) Work-study (HEA, Title IV-C); (5) Institutional payments for Job Location Centers, (HEA, Title IV-C); (6) Institutional payments for Community Service Learning for low income students (HEA, Title IV-C); (7) Income Contingent Loans (HEA, Title IV-D); (8) Institutional payments (HEA, Title IV-D); (9) Perkins Loans (HEA, Title IV-E) -- formerly the National Direct Student Loan program; (10) Institutional payments for campus-based programs (HEA, Title IV-G, Section 489); and, (11) State Student Incentive Grants (HEA, Title IV-A-3). Four of the largest of these programs are described below.

First, the Pell Grant program, formerly authorized under the Basic Education Opportunity Grant (BEOG), is the largest need-related Federal postsecondary student aid program administered by the Department of Education. The purpose of the program is to assist students from low-income families to obtain an education at postsecondary education institutions. A Pell Grant cannot exceed 60% of the cost

TABLE 7. VOCATIONAL AND ADULT EDUCATION ESTIMATES AND APPROPRIATIONS

	Budget Estimate To Congress (in thousands)	Congressional Appropriation (in thousands)	Difference Appropriation and Budget	Appropriation Change From FY 1980	Change From FY 1980 Adjusted for Inflation
1980	$762,403	$894,680 1/	17.35%	---%	---%
1981	670,865 2/	774,478 1/	15.44	-13.44	-20.51
1982	626,764 3/	735,025 1/	17.27	-17.84	-29.66
1983	492,839	816,500 1/	65.67	- 8.74	-25.86
1984	492,838	831,314 1/	68.68	- 7.08	-27.92
1985	831,314	933,277 4/	12.27	- 4.31	-25.69
1986	580,365 5/	900,165 6/	55.10	- 0.61	-28.39
1987	72,655	980,800	1249.78	9.63	-25.07
1988	130,000	1,005,557	673.51	12.39	-26.68

Note: Excludes permanent appropriation of $7,148,000 for fiscal years 1985-87. Excludes sequester amount of $307,000 for fiscal year 1986 associated with the permanent appropriation. Also excludes amounts from Bilingual vocational training appropriated to the Bilingual Education account.

1/ Reflects enacted supplementals, rescissions, and reappropriations.

2/ Revised 1981 request submitted in February 1981.

3/ Revised 1982 request submitted in September 1981.

4/ Includes supplemental appropriations.

5/ Reflects sequester of $-40,612,000 and proposed rescission of $-210,337,000.

6/ Reflects sequester.

7/ Reflects proposed rescission of $-432,319,000.

Source: Budget and appropriation figures were derived from U. S. Department of Education, Justifications of Appropriation Estimates for Committee on Appropriations, Fiscal Year 1988, Volume 1, p. 373.

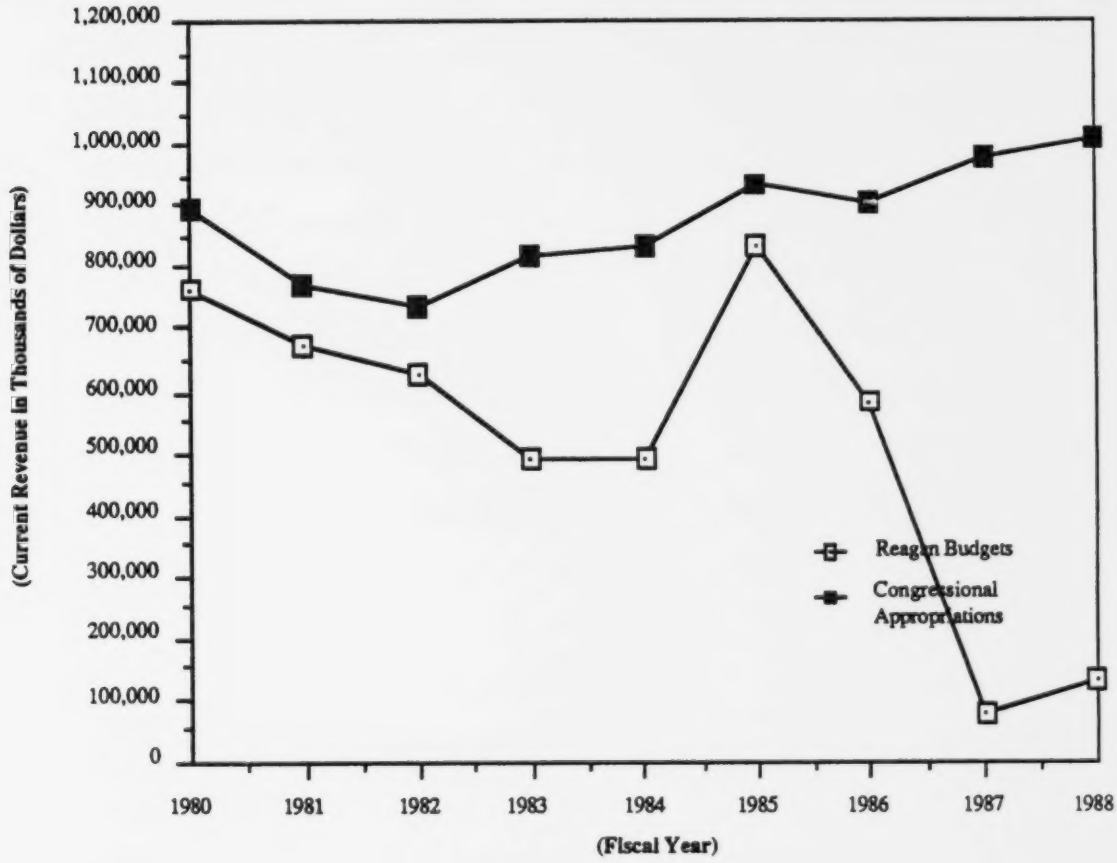

Figure 7. A Comparison of Reagan Budget Requests and Congressional Appropriations for Vocational and Adult Education, 1980-1988

of attendance. Second, the Supplemental Educational Opportunity Grant (SEOG) program provides education grant assistance to undergraduate students who can demonstrate financial need. The primary purpose of the program is to provide supplementary funding for students to enable them to attend a postsecondary institution. Third, the College Work Study Program (CWS) provides Federal assistance to partially finance part-time employment for students who are attending eligible postsecondary institutions. Federal grants are made to institutions to finance 70% to 80% of the student's wages (at the minimum wage or more), with the remaining percentage paid by the institution. College Work Study originated with the Economic Opportunity Act of 1964 (PL 88-452). Fourth, the Perkins Loan program, previously the National Direct Student Loan Program, provides educational loans at an interest rate of 5% to postsecondary students demonstrating financial need. Cumulative loan limits for undergraduates and graduates are $6,000 and $12,000, respectively. The institution determines the actual loan limit amount (Department of Education, Justifications, 1988, Volume 2, n.d., pp. 33-60).

Beneficiaries. For the Pell Grant program, Fall 1986 data indicate that approximately 23% of students enrolled in postsecondary institutions are grant recipients. For SEOGs, the Department of Education estimates that 720,000 students received an award during the 1985-86 academic year. This represents about 6% of all enrolled students. About the same number, or 788,000 students, were expected to participate in the College Work Study program in 1985-86, according to ED. Circa 850,000 students in 1985-86 were expected to participate in the Perkins loan program (Boren, 1987).

Federal Financial Changes. Legislative proposals to fund the FY 1988 budget request would limit eligibility for the Pell Grant program,

> by increasing the financial contribution a family is expected to make to meet college costs; by tightening the definition of 'independent' student

> to include demonstrated self-sufficiency and proof (parent's tax return) that the applicant is not supported by parents for two years prior to the award year; and by requiring that qualified applicants have a high school diploma or its equivalent (Boren, 1987, p. 63).

The Administration's budget requests since 1983 contained no requests for funding for SEOGs as part of its overall objective to reduce Federal domestic spending. Congress has rejected these Administration proposals and appropriated, instead, annual funding to match or exceed the preceding year's appropriation. However, as part of the changes resulting from reauthorization of higher education programs, colleges receiving SEOGs must begin to match federal funds by 5% in 1989, 10% in 1990 and 15% in 1991 (Boren, 1987, p. 68).

The Administration's budget request for 1988 recommended no funding for the college work-study program or other campus-based student aid. Also, the Administration proposed no new NDSL (Perkins Loan) capital contribution funding in its budgets from 1983 to 1986. In each of these fiscal years, the Congress responded to these proposals by continuing funding for new federal capital contributions.

For all programs included in Student Financial Assistance, the Administration's budget requests in every year of the eight-year term (1981-1988), were below the amount requested in the 1980 budget. Also, for every year from 1981 to 1988, the Administration requested less for student financial assistance than was appropriated for the program the prior year (Table 8, Figure 8).

Congress, in all years except 1982, appropriated more funds for student financial assistance programs than the Administration proposed. For example, in 1983, Congress doubled the Administration's request. Congressional appropriations exceeded the amount it appropriated in 1980 for student financial aid programs, in all years from 1981-1988. But from 1981-1988, when funds were adjusted for

TABLE 8. STUDENT FINANCIAL ASSISTANCE.
ESTIMATES AND APPROPRIATIONS

	Budget Estimate To Congress (in thousands)	Congressional Appropriation 1/ (in thousands)	Difference Appropriation and Budget	Appropriation Change From FY 1980	Change From FY 1980 Adjusted for Inflation
1980	$3,645,650	$3,454,878	-5.23%	---%	---%
1981	3,305,550	3,801,550	15.01	10.04	0.12
1982	3,793,750	3,569,480	-5.91	3.32	-11.69
1983	1,800,000	3,617,800	100.99	4.72	-14.24
1984	3,567,800	3,986,860	11.75	15.40	- 9.06
1985	3,654,000	5,160,482 2/	41.23	49.38	13.85
1986	3,385,859 3/	4,422,859	30.63	28.03	- 4.96
1987	2,830,568 4/	5,196,000	83.57	50.41	8.12
1988	3,336,000	5,544,792	66.21	60.51	10.53

1/ Reflects enacted supplementals, rescissions, reappropriations, and sequesters.

2/ Reflects supplemental.

3/ Reflects sequester amd supplemental.

4/ Reflects proposed rescission.

Source: Budget and appropriation figures were derived from U. S.Department of Education, Justifications of Appropriation Estimates for Committes on Appropriations, Fiscal Year 1988, Volume 2, p. 27.

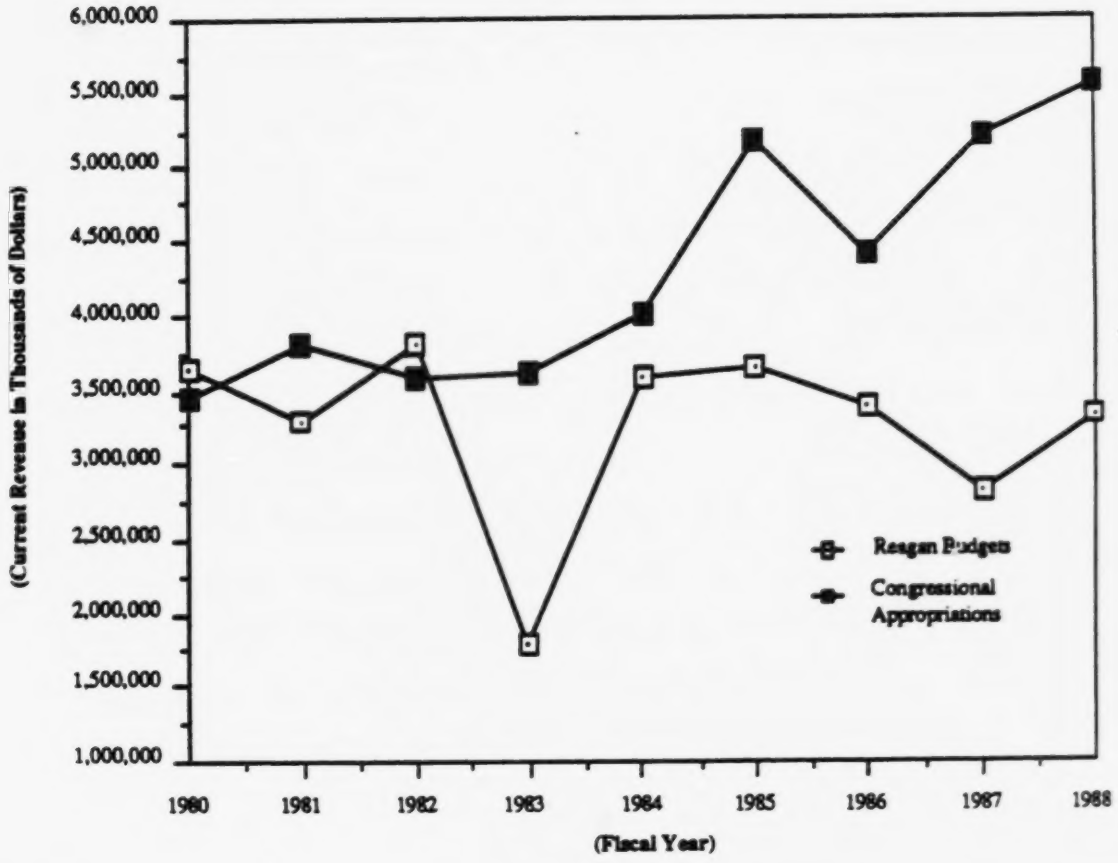

Figure 8. A Comparison of Reagan Budget Requests and Congressional Appropriations for Student Financial Assistance, 1980-1988

inflation, Congressional appropriations in four years were below 1980 levels: in 1982 (-12%); in 1983 (-14%); in 1984 (-9%); and in 1986 (-5%).

Guaranteed Student Loans

The Guaranteed Student Loan program is authorized under Title IV, Part B, of the Higher Education Act. Its purpose is to lower financial barriers that may prevent a needy individual from pursuing postsecondary education. Student and auxiliary loans funded under the regular GSL program are federally guaranteed and subsidized. All programs use the loan capital of participating banks and other lenders. Undergraduate, graduate, and professional students who can demonstrate financial need can borrow under the program to specified maximums per year and cumulatively. This program also provides funding under the PLUS program to parents of dependent students, and provides for consolidation of loan program to assist loan consolidation. The PLUS program also provides for lender and guarantee agency subsidies (Fraas, 1987b, p. 84).

Beneficiaries. About one in every four students enrolled in postsecondary education use the Guaranteed Student Loan to help pay their educational costs. According to estimates by the Department of Education, over 3.2 million new student loans were made in 1986, worth over $7.6 billion in new loan principal. Additionally, about 191,000 new auxiliary loans were made in 1986 to parents and students amounting to $500 million in new loan principal (Fraas, 1987b, p. 85).

Federal Funding Changes. Presidential requests for GSL for each year, 1981-1988, have been exceeded by Congressional appropriations. The largest difference between budget requests and funding approved for the program is in 1988 when Congress more than doubled the Administration's request (Table 9, Figure 9).

TABLE 9. GUARANTEED STUDENT LOANS ESTIMATES AND APPROPRIATIONS

	Budget Estimate To Congress (in thousands)	Congressional Appropriation (in thousands)	Difference Appropriation and Budget	Appropriation Change From FY 1980	Change From FY 1980 Adjusted for Inflation
1980	$1,706,344	$1,591,844 1/	-6.71%	---%	---%
1981	1,938,296	2,517,470 1/	29.88	58.15	43.90
1982	1,765,346	3,061,846 1/	73.44	92.35	64.40
1983	2,472,631	3,088,500 1/	24.91	94.02	58.90
1984	2,045,600	2,253,740 1/	10.18	41.58	11.57
1985	2,840,677	3,798,323 1/	33.71	138.61	81.87
1986	2,745,467 2/	3,265,941 1/	18.96	105.17	52.31
1987	2,042,586 3/	3,004,000	47.07	88.71	35.67
1988	1,176,574	2,565,000	118.01	61.13	10.97

1/ Reflects enacted supplementals, rescissions, reappropriations, and sequesters.

2/ Reflects sequester of $34,059,000 and supplemental of $65,044,000.

3/ Reflects supplemental of $2,329,586,000.

Source: Budget and appropriation figures were derived from U. S. Department of Education. Justifications of Appropriation Estimates for Committee on Appropriations. Fiscal Year 1988, Volume 2, p. 100.

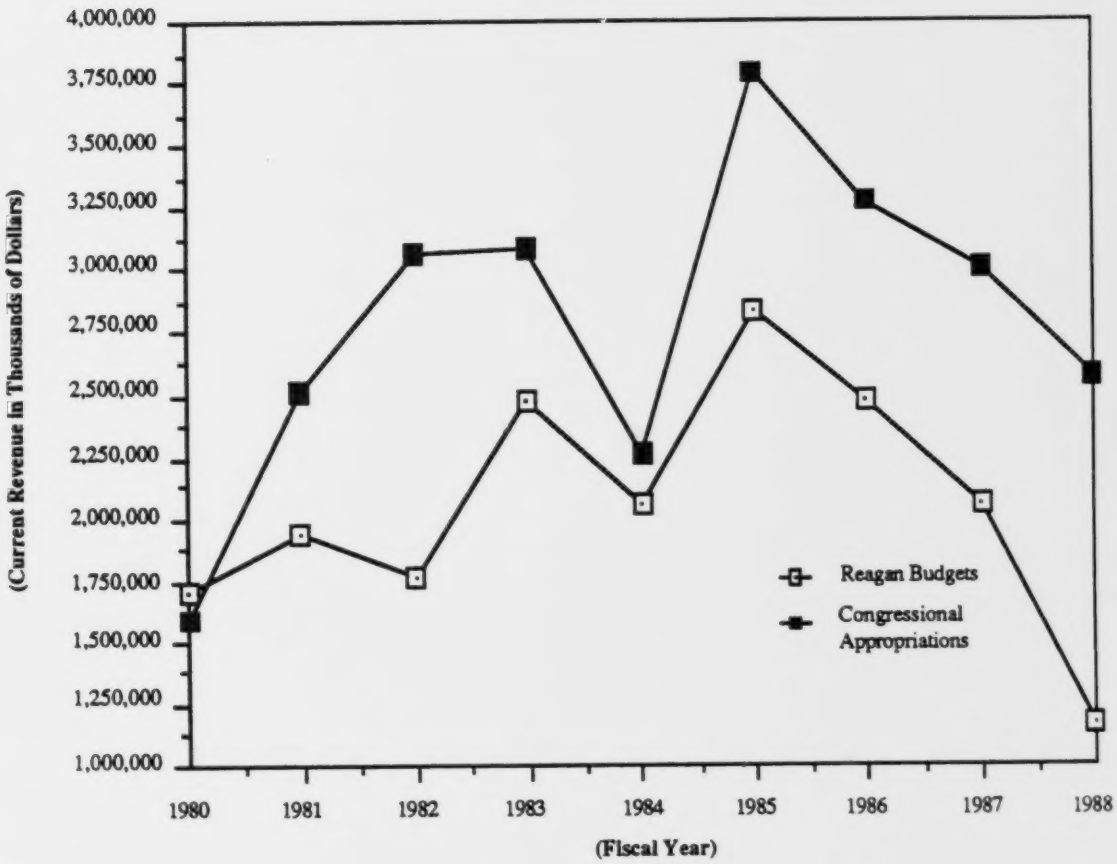

Figure 9. A Comparison of Reagan Budget Requests and Congressional Appropriations for Guaranteed Student Loans, 1980-1988

Congressional appropriations for the GSL program have increased since 1980 in both nominal (unadjusted) and real terms. Appropriations for 1988 are approximately 11% higher, when adjusted for inflation, than in 1980.

Higher Education

Funding in the area of Higher Education in the Department of Education, includes support for several programs: (1) Aid for Institutional Development (authorized under HEA, Title III); (2) Program Development Funding (Fund for the Improvement of Postsecondary Education, [HEA, Title X, Part A]; Minority Institutions Science Improvement [HEA, Title X, Part B, Subpart 1]; Innovative Projects for Community Services [HEA, Title X, Part C]; International Education and Foreign Language Studies [HEA, Title VI, and the Mutual Education and Cultural Exchange Act of 1961, Sections 102, b,6]; Cooperative Education [HEA, Title VIII]; Law School Clinical Experience [HEA, Title IX, Part F]); (3) Academic Facilities (HEA, Title VII, Part D; HEA, Title VII, Part B); (4) Special Grants (HEA, Title XII, Section 1204 C; Education Amendments of 1980, Title XIII, Part H, Subpart 1); (5) Special Higher Education Projects; (6) Aid for Students (Special Programs for the Disadvantaged [HEA, Title IV, Part A, Subpart 4]); (7) Support Services (Veterans' Education Outreach [HEA, Title IV, Part A, Subpart 7, Section 420A]; Legal Training for the Disadvantaged [HEA, Title IX, Part E]); (8) Scholarships and Fellowships (HEA, Title IV, Part A, Subpart 6; HEA, Title V, Part D, Subpart 1; HEA, Title IX, Part B; HEA, Title IX, Part C); and (9) several previously unfunded authorizations. Two of the largest of these programs and program beneficiaries are described below (Department of Education, Justifications, 1988, n.d. pp. 160-218).

The Aid for Institutional Development programs (referred to as the Title III programs) provides financial assistance to enable eligible institutions to solve problems that threaten their ability to survive, to stabilize their management and

financial operations, and to build endowments. Funding is focused on institutions that enroll a large proportion of disadvantaged students. One of Title III's primary missions has been to support the nation's historically black colleges and universities (HBCU).

TRIO programs provide aid to students from disadvantaged backgrounds and consist of: Talent Search, Upward Bound, Student Support Services, Education Opportunity Centers, Post-Baccalaureate Achievement, and staff development activities. In general, these programs are intended to identify high school students with potential, but from disadvantaged backgrounds. Funds support services intended to assist students through high school and postsecondary education.

Beneficiaries. Aid for Developing Institutions, since its genesis in 1966, has provided over 6,500 grants totaling over $1.7 billion in Federal financial assistance to the nation's developing postsecondary institutions. In 1986, historically Black colleges and universities received about 34% of the funding; minority institutions as a group, received about 46%. Two-year institutions received $53.5 million in 1986.

TRIO programs served an estimated 30,500 Upward Bound Students in 403 projects, 1986; Talent Search is serving an estimated 196,000 students in 175 projects; Education Opportunity Centers are serving an estimated 106,250 students in 37 projects; Staff Training is serving an estimated 1,300 TRIO staff members in 7 projects; and Student Support Services is serving approximately 154,000 students in 660 projects.

Federal Funding Changes. The Administration's budget requests for Higher Education were exceeded by Congressional appropriations for all years from 1981-1988. In comparison to funding provided prior to 1981, the Reagan Administration budget requests were lower for all years from 1982 to 1988. Only in 1981, did budget estimates exceed the 1980 request. The most notable drops in the

Administration's request for funding were in 1986 and 1987. In those years, budget requests were nearly one-sixth the 1980 estimate. And, in 1988, budget requests were less than one-half of the 1980 estimate. In 1986, 1987, and 1988, Congress exceeded the Administration's requests by 744%, 719% and 203%, respectively (Table 10, Figure 10).

Congressional appropriations for higher education were higher in every year, from 1981 to 1988, than 1980 appropriations. When adjusted for inflation, however, funding for programs included in the higher education area show losses for every year. Funds in 1981 were about 7% less than in 1980. In 1982, 1983, 1984, and 1985, funding showed decreases (compared to 1980) of approximately 14%, 12%, 17%, and 6%, respectively. In 1986, appropriations, in real terms, were 21% less than in 1980. In 1987 and 1988 funding dropped 16% and 11%, respectively, when compared to 1980 levels.

Higher Education Facilities and Loan Insurance

This account supports construction, reconstruction and renovation, and equipping of higher education academic facilities through direct, subsidized loans at a low interest rate, made from a revolving fund. The purpose of the program is to assist States, local communities, and individual higher education institutions to accommodate increases in resident student enrollment and to support energy conservation rehabilitation of existing facilities. Assistance is included for meeting various Federal, State, and local facilities requirements related to: access for the handicapped; health and safety; environmental protection and hazardous waste disposal; removal of asbestos hazards; energy conservation; and preservation of significant architecture. New loan commitments may be made from the revolving fund. However, no new loan commitments have been made since 1981. The loan insurance authority has never been funded.

TABLE 10. HIGHER EDUCATION ESTIMATES AND APPROPRIATIONS

	Budget Estimate To Congress (in thousands)	Congressional Appropriation (in thousands)	Difference Appropriation and Budget	Appropriation Change From FY 1980	Change From FY 1980 Adjusted for Inflation
1980	$359,160	$390,230 1/	8.65%	---%	---%
1981	379,374	394,593 1/	4.01	1.12	- 7.15
1982	334,535	393,023 1/	17.48	0.72	-13.77
1983	268,552	422,176 1/	57.20	8.19	-12.11
1984	204,716	416,001 1/2/	103.21	6.60	-17.30
1985	267,271 3/	496,783 3/	85.87	27.31	- 5.98
1986	51,621 4/	435,663 5/	743.96	11.64	-20.54
1987	58,528 6/	479,128	718.63	22.78	-16.08
1988	176,111	534,471	203.49	36.96	-10.66

1/ Reflects enacted supplementals, rescissions, and reappropriations.

2/ Excludes $5,000,000 for supplemental opportunity grants and $5,000,000 for work study that were inadvertently appropriated under Higher Education in Public Law 98-151.

3/ The Department's 1985 reappropriation request only included supplementary availability of $15,200,000 for the Title III endowment grant program. Although not part of the Department's formal request, the Congress also approved supplementary language to extend the availability of $2,500,000 for the National Graduate Fellowships program (K. Javits Fellowships program).

4/ Includes sequester and proposed rescission.

5/ Includes sequester, and $5,000,000 for Minority Institutions Science Improvement which was appropriated under a continuing resolution (P.L. 99-190).

6/ Includes proposed rescission.

Source: Budget and appropriation figures were derived from U. S. Department of Education, Justifications of Appropriation Estimates for Committee on Appropriations, Fiscal Year 1988, Volume 2, p. 156.

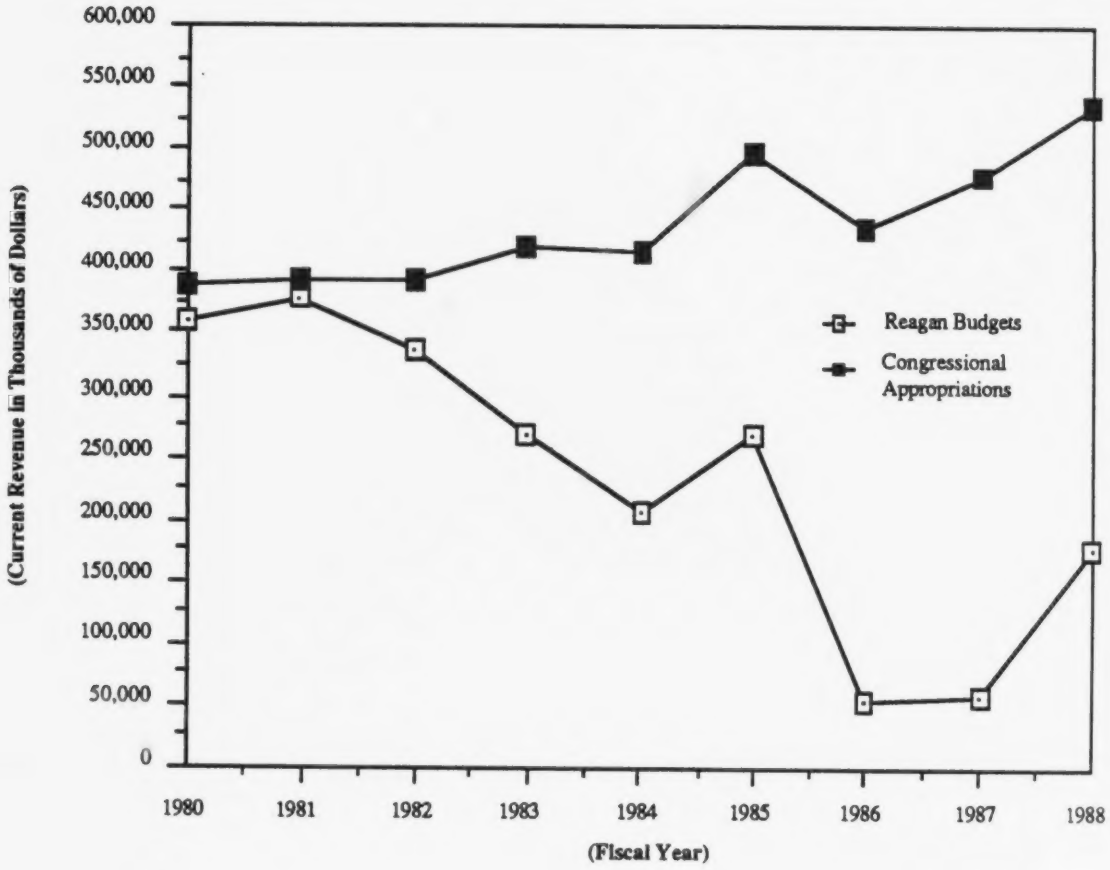

Figure 10. A Comparison of Reagan Budget Requests and Congressional Appropriations for Higher Education, 1980-1988

Credit assistance activity under this program has been carried out to provide more favorable terms for financing construction. College and housing loans support facilities construction, reconstruction and renovation for student and faculty housing.

Beneficiaries. Higher education institutions and building agencies have been the primary recipients of facilities loans and insurance especially during the expansionist period of 1965-75. Since the inception of the college housing loans programs, over $3.89 billion in loans have been awarded.

Federal Funding Changes. The Administration's 1988 budget requests elimination of these programs (Table 11, Figure 11). Because of accounting changes, historical funding data for this program are noncomparable over time. However, these programs are included in totals presented for the Department of Education and comprise a separate account for ED. Congressional appropriations have mirrored Administration requests.

Educational Research and Statistics

Funding in this area provides support for activities of the Office of Education Research and Improvement. Until 1985 funding was provided for Research and Statistics under the National Institute of Education (NIE) and the National Center for Education Statistics (NCES). This account relates most directly to the Reagan Administration's policy preferences for education. According to the Department of Education, "collecting data, conducting research, and disseminating reliable information about the condition of education is the central element of the federal role in education" (Justifications, 1988, p. 303).

Beneficiaries. More than half of the funding in this area supports 20 regional educational laboratories and research and development centers. They include postsecondary education institutions, public agencies, and private, nonprofit organ-

TABLE 11. HIGHER EDUCATION FACILITIES LOANS AND INSURANCE ESTIMATES AND APPROPRIATIONS

	Budget Estimate To Congress (in thousands) 1/2/	Congressional Appropriation (in thousands) 1/2/	Difference Appropriation and Budget	Appropriation Change From FY 1980	Change From FY 1980 Adjusted for Inflation
1980	$ 2,189	$ 2,189 3/	---%	---%	---%
1981	1,656	1,656 3/	---	-24.35	-30.53
1982	1,350	11,096 3/	721.93	406.90	333.99
1983	20,143	20,143 3/	---	820.19	647.52
1984	19,846	19,846 3/	---	806.62	603.35
1985	14,194	14,194	---	548.42	378.90
1986	17,991 4/	17,991 4/	---	721.88	484.97
1987	19,205	19,205	---	777.34	499.69
1988	----	19,148	100.00	774.74	470.60

1/ Excludes permanent indefinite appropriation for payment of participation sales insufficiences under the Participation Sales Act of 1966 and the HEW Appropriation Act of 1968.

2/ If adjusted for comparability in 1985 and 1986, the following amounts would be excluded from loan servicing activities transferred to the salaries and expenses account in 1987: $75,000 in 1985 and $144,000 in 1986.

3/ Reflects enacted supplementals, rescissions, and reappropriations.

4/ Reflects sequester of $5,000.

Source: Budget and appropriation figures were derived from U. S. Department of Education, Justifications of Appropriation Estimates for Committes on Appropriations, Fiscal Year 1988, Volume 2, p. 248.

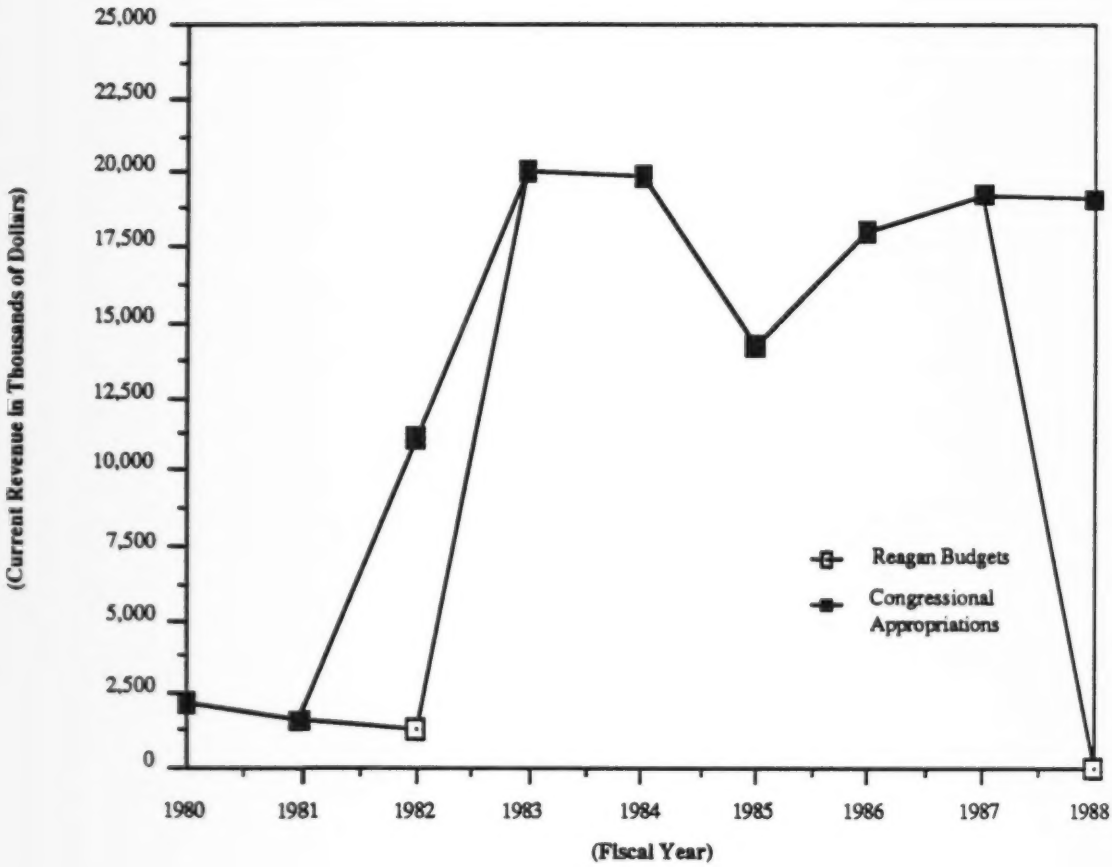

Figure 11. A Comparison of Reagan Budget Requests and Congressional Appropriations for Higher Education Facilities Loans and Insurance, 1980-1988

izations. The remainder of the funding is provided for various activities or hereprojects conducted by public or private organizations, institutions, agencies, or individuals.

Federal Funding Changes. The funding chronology for research and statistics (Table 12, Figure 12) shows some of the most severe reductions, during the Reagan Administration's term among all program areas in the The Department of Education. The Administration's annual budget requests for all years, from 1980 to 1988, have been below the level of funding requested in 1980 (unadjusted for inflation). Congress has never funded research and statistics above the 1980 appropriation level. Reductions-in-aid of between 11% and 31% are indicated for all years. When inflation is taken into account, substantial reductions of -20% to -40% are shown for the period of time from 1981 to 1988. Since 1984, funding for this area shows consistent, precipitous reductions of over 40%, compared to 1980 levels.

A study by the General Accounting Office (1987) documented program and budget reductions in educational research and statistics:

- The number of grants and contracts awarded for research decreased 65%, from 476 in 1980, to 168 in 1985.
- The number of evaluation contracts peaked 119 in 1980, and progressively dropped 79%, to 25% in 1985.
- Statistical surveys, planned or conducted, fell 31% between 1980 to 1983, from 53 to 38.
- The intervals between data collections increased and technical support to the states for data collection was sharply reduced. (Government Accounting Office, 1987, p. 3, pp. 20-24)

Regarding awards, the GAO study found:

- 65% of NIE's 1980 awards but only 11% of the 1985 awards were for new data collection.
- Fewer educational areas were investigated in 1985 than in 1980 through research grants. In 1980, 56% of 293 awards for new data collection went towards studies of special populations such as minorities and women. In 1985, there were 5 such studies.

TABLE 12. EDUCATION RESEARCH AND STATISTICS ESTIMATES AND APPROPRIATIONS

	Budget Estimate To Congress (in thousands)	Congressional Appropriation (in thousands)	Difference Appropriation and Budget	Appropriation Change From FY 1980	Change From FY 1980 Adjusted for Inflation
1980	$95,120	$84,061 1/	-11.63%	---%	---%
1981	84,061	74,561 1/	-11.30	-11.30	-20.09
1982	62,392	61,979 1/	- 0.66	-26.27	-38.04
1983	62,392	64,203 1/	2.90	-23.62	-36.35
1984	56,978	56,978 1/	---	-32.22	-44.89
1985	62,978	59,978	- 4.76	-28.65	-45.11
1986	57,399 2/	57,399 2/	---	-31.72	-48.27
1987	70,231	63,578	- 9.47	-24.37	-42.26
1988	70,231	67,526	- 3.85	-19.67	-41.79

1/ Reflects enacted supplementals, rescissions, and reappropriations.

2/ Includes sequester.

3/ Did not include funds for research activities under GEPA, Section 405, which was pending reauthorization.

Source: Budget and appropriation figures were derived from U. S. Department of Education, Justifications of Appropriation Estimates for Committee on Appropriations, Fiscal Year 1988, Volume 2, p. 301.

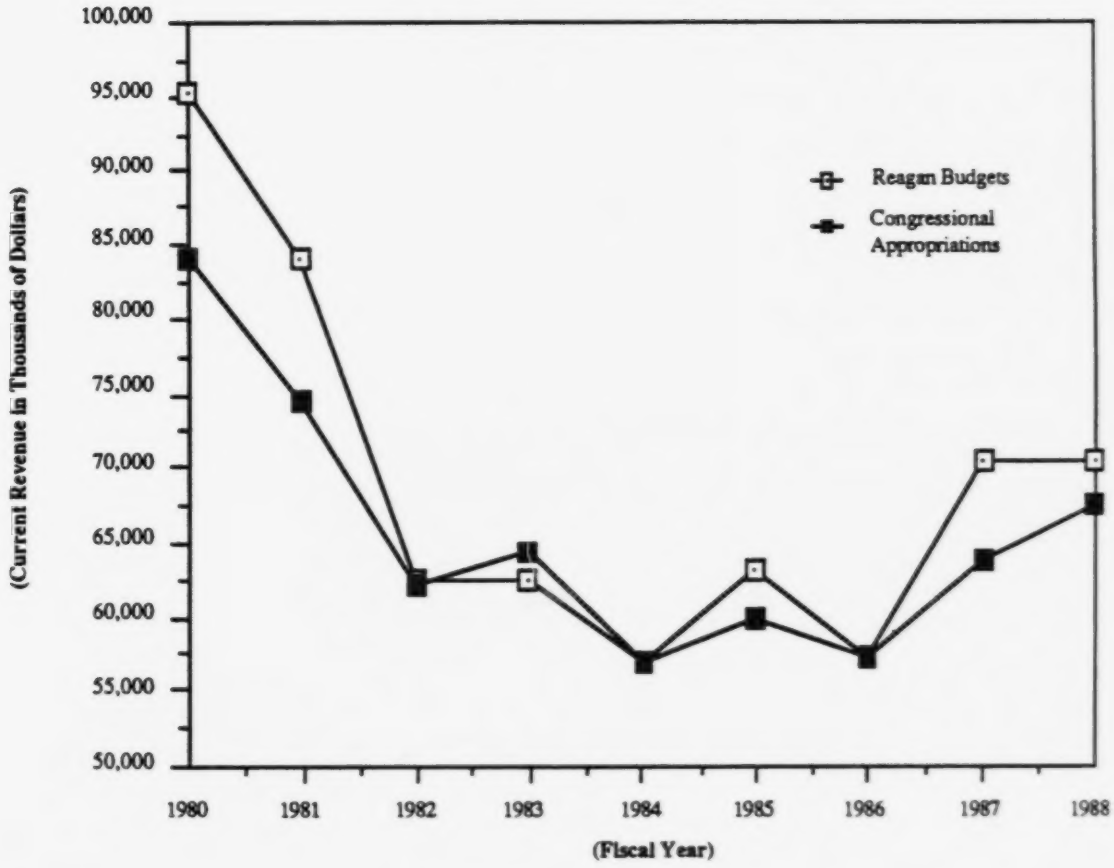

Figure 12. A Comparison of Reagan Budget Requests and Congressional Appropriations for Education Research and Statistics, 1980-1988

- Some areas such as learning in non-school settings and areas identified as "school problems" (including such issues as drop-outs and delinquency) received no new data collection funds at all in 1985; in 1980, there were 33 awards. (Government Accounting Office, 1987, p. 3; pp. 31-36)

Library Services and Construction Act

Programs are authorized under the Library Services and Construction Act (LSCA) to provide assistance for public library services (Title I), construction (Title II), interlibrary cooperation (Title III), and library literacy programs (Title IV).

Beneficiaries. Under the Library Services and Construction Act, (Titles I-III), flat grants are provided to the States for distribution to eligible public libraries on a formula allocation, with additional funds distributed on the basis of each State's share of total population. Library services supported under the grants provide availability of services to an estimated 96% of the U. S. population.

LSCA funds are intended to be utilized for specific purposes such as innovative services and the use of new information technologies. Additionally, library services are made available to underserved populations, i.e., those in state institutions. Support for construction and remodeling is also provided to increase access for handicapped persons.

Federal Funding Changes. The Administration has requested no funding for Library Services and Construction since 1983. In addition, in 1986 and 1987, rescissions and/or sequesters were proposed to budget outlays approved by Congress for this area (Table 13, Figure 13).

Congress has not gone along with the Administration's requests. In every year, from 1981 to 1988, appropriations have increased when compared to FY 1980. Moreover, annual appropriations for each of the last 8 years have shown increases over 1980 of between 1% and 70%. When adjusted for inflation, however, reductions

TABLE 13. LIBRARIES
ESTIMATES AND APPROPRIATIONS

	Budget Estimate To Congress (in thousands)	Congressional Appropriation (in thousands)	Difference Appropriation and Budget	Appropriation Change From FY 1980	Change From FY 1980 Adjusted for Inflation
1980	$66,237	$ 79,488 1/	20.01%	---%	---%
1981	87,488	84,405 1/	-3.52	6.19	- 2.49
1982	58,117	80,080 1/	37.79	0.74	-13.75
1983	---	130,320 1/	100.00	63.95	33.18
1984	---	86,880 1/	100.00	9.30	-15.21
1985	---	125,000	100.00	57.26	16.14
1986	-38,500 2/	122,017 1/	416.93	53.50	9.26
1987	-34,500 3/	132,500	484.06	66.69	13.94
1988	---	135,089	100.00	69.95	10.86

1/ Reflects enacted supplementals, rescissions, and reappropriations.

2/ Reflects proposed rescission and sequester.

3/ Reflects rescission.

Source: Budget and appropriation figures were derived from U. S. Department of Education. Justifications of Appropriation Estimates for Committee on Appropriations. Fiscal Year 1988, Volume 2, p. 332.

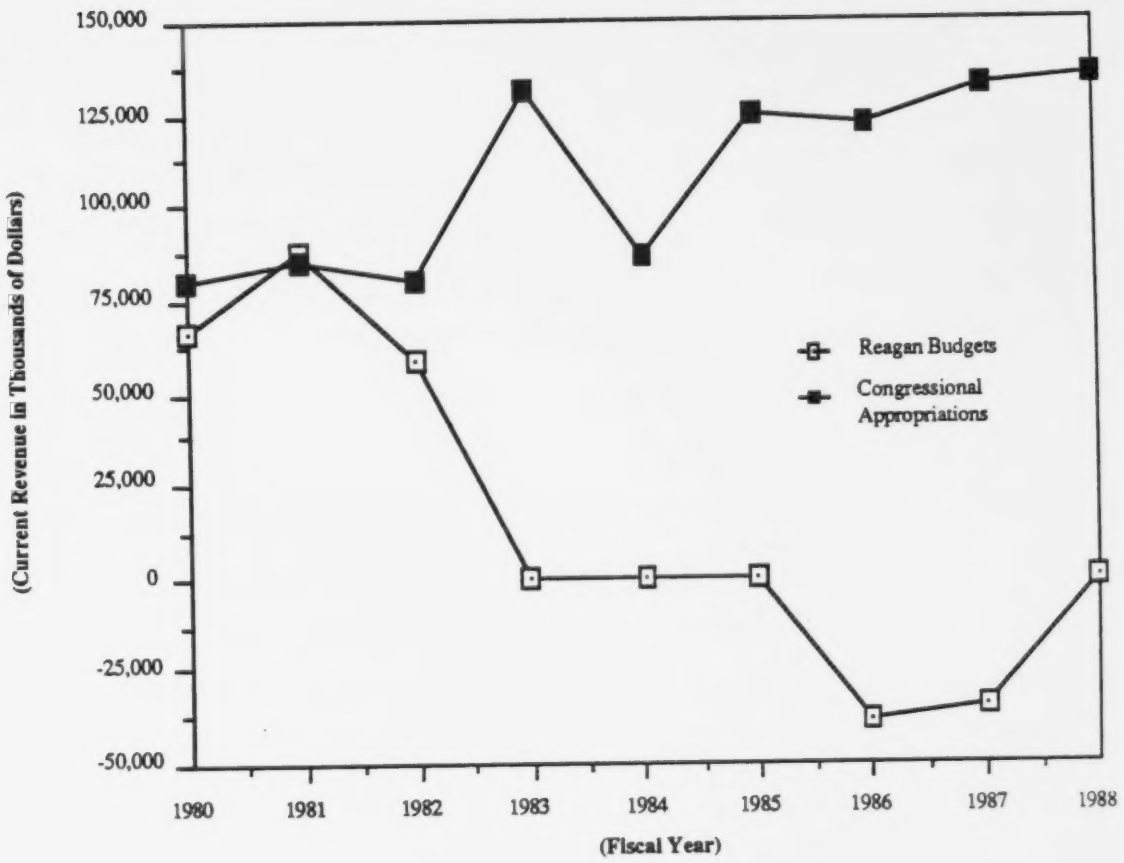

Figure 13. A Comparison of Reagan Budget Requests and Congressional Appropriations for Libraries, 1980-1988

in funding are shown for 1981 (approximately -2%), 1982 (about -14%), and 1984 (approximately -15%).

Payments to Special Institutions

Funding in this area supports activities for the American Printing House for the Blind, the National Technical Institute for the Deaf, Gallaudet University, and Howard University. The American Printing House for the Blind assists in providing quality educational materials to legally blind persons who are enrolled in a formal education program below the college level. The National Technical Institute for the Deaf receives federal assistance of approximately 84% of its budget, to provide quality postsecondary educational options for the deaf. Gallaudet University is a private, nonprofit educational institution providing elementary, secondary, college preparatory, college and continuing education programs for deaf persons. Also, some graduate programs are provided at the University. Howard University has 17 schools and colleges which offer programs for undergraduates and graduates in liberal arts and professional fields. Federal assistance provides about 60% of the total operating costs for the University's academic program.

Beneficiaries. The American Printing House for the Blind (APHB) distributes materials nationally and free of charge to schools and states through allotments based on an annual census of the number of blind students in each State. During 1986, APHB served over 45,000 persons--74% in public schools, 12% in rehabilitation programs, 10% in residential schools for the blind, and 4% in programs for the mentally retarded.

The National Technical Institute for the Deaf registered 379 new students in 1986, from 48 States, the District of Columbia, and Puerto Rico. It granted 182 degrees in 1986. Approximately 83% of its graduates are employed in business.

Gallaudet University serves deaf people across the country. During 1986 Gallaudet served 1,748 undergraduate students, 380 graduate students, 390 secondary students, and 203 elementary students. Also, through its research publications and public service programs, and visits of the general public to the university, thousands of individuals benefited from services provided at the institution.

Howard University has produced more than 50% of the minority physicians and dentists in the nation. It is a major national resource for minority students in many academic disciplines.

Federal Funding Changes. Funding over time for special institutions for the handicapped is shown for American Printing House for the Blind, in Table 14.1; for the National Technical Institute for the Deaf, in Table 14.2; for Gallaudet University in Table 14.3, and for Howard University in Table 14.4. Figure 14 displays funding changes over time for the total of all special institutions.

Congressional appropriations and the Administration's budget requests for the American Printing House for the Blind have risen steadily since 1980. However, since 1985, budget requests have been lower than the prior years' appropriation. Congressional appropriations have equalled or exceeded the Administration's requests for all years from 1981-1988, except 1982, 1984, and 1988. Compared to 1980, funding for this program is 21% higher in 1988. When adjusted for inflation, however, every year shows a reduction in aid since 1982. Real funding for the American Printing House for the Blind is 12% lower in 1988, than in 1980.

Funding for the National Technical Institute for the Deaf is higher in 1988 than in 1980, in both real and nominal terms. In real terms, appropriations are about 36% higher when adjusted for inflation. In nominal terms an increase of 88% is shown. In most years appropriations have matched the Administration's budget requests.

TABLE 14.1. PAYMENTS TO SPECIAL INSTITUTIONS
AMERICAN PRINTING HOUSE FOR THE BLIND
ESTIMATES AND APPROPRIATIONS 1/

	Budget Estimate To Congress (in thousands)	Congressional Appropriation (in thousands)	Difference Appropriation and Budget	Appropriation Change From FY 1980	Change From FY 1980 Adjusted for Inflation
1980	$4,349	$4,349 2/	---%	---%	---%
1981	4,921	4,921 2/	---	13.15	1.94
1982	5,595	5,000 2/	-10.63	14.97	- 3.39
1983	4,924	5,000 2/	1.54	14.97	- 4.19
1984	5,500	5,000 2/	- 9.09	14.97	- 6.53
1985	5,000	5,500	10.00	26.47	- 2.72
1986	5,273 3/	5,500	4.30	26.47	- 4.19
1987	5,510 3/	5,500	- 0.18	26.47	- 3.46
1988	5,510 4/	5,266	- 4.43	21.09	-12.26

1/ Excludes $10,000 permanent appropriation for all years, except where otherwise noted.

2/ Reflects enacted supplementals, rescissions, and reappropriations.

3/ Reflects addition of $10,000 in the annual appropriation request to offset a legislative proposal to eliminate the $10,000 permanent appropriation; and a sequester of $237,000.

4/ Activities financed in this account in 1987 were proposed for financing in the Special Institutions for the Handicapped account in 1988.

Source: Budget and appropriation figures were derived from U. S. Department of Education, Justifications of Appropriation Estimates for Committes on Appropriations, Fiscal Year 1988, Volume 1, p. 337.

TABLE 14.2. PAYMENTS TO SPECIAL INSTITUTIONS
NATIONAL TECHNICAL INSTITUTE FOR THE DEAF
ESTIMATES AND APPROPRIATIONS

	Budget Estimate To Congress (in thousands)	Congressional Appropriation (in thousands)	Difference Appropriation and Budget	Appropriation Change From FY 1980	Change From FY 1980 Adjusted for Inflation
1980	$17,349	$17,349 1/	---%	---%	---%
1981	20,305	20,305 1/	---	17.04	5.44
1982	32,811	26,300 1/	-19.84	51.59	27.39
1983	26,297	26,300 1/	0.01	51.59	26.33
1984	28,000	28,000 1/	---	61.39	31.21
1985	31,400	31,400	---	80.99	39.22
1986	28,704 2/	30,624 2/	6.69	76.52	33.73
1987	31,380 3/	32,000	1.98	84.45	40.80
1988	33,000 4/	32,594	- 1.23	87.87	36.14

1/ Reflects enacted supplementals, rescissions, and reappropriations.

2/ Includes sequester of $-1,376,000.

3/ Includes $1,000,000 requested for an endowment matching fund under proposed legislation.

4/ Activities financed in this account in 1987 were proposed for financing in the Special Institutions for the Handicapped account in 1988.

Source: Budget and appropriation figures were derived from U. S. Department of Education, Justifications of Appropriation Estimates for Committes on Appropriations, Fiscal Year 1988, Volume 1, p. 338.

TABLE 14.3. PAYMENTS TO SPECIAL INSTITUTIONS
GALLAUDET UNIVERSITY
ESTIMATES AND APPROPRIATIONS

	Budget Estimate To Congress (in thousands)	Congressional Appropriation (in thousands)	Difference Appropriation and Budget	Appropriation Change From FY 1980	Change From FY 1980 Adjusted for Inflation
1980	$48,341	$48,341 1/	---%	---%	---%
1981	49,768	49,768 1/	---	2.95	- 7.25
1982	61,532	52,000 1/	-15.49	7.57	- 9.61
1983	52,000	52,000 1/	---	7.57	-10.36
1984	55,590	56,000 1/	0.74	15.84	- 5.82
1985	46,835	58,700	25.33	21.43	- 6.59
1986	55,757 2/	59,334	6.42	22.74	- 7.01
1987	60,737 3/	62,000	2.08	28.26	- 2.10
1988	63,000 4/	62,195	-1.28	28.66	- 6.77

1/ Reflects enacted supplementals, rescissions, and reappropriations.

2/ Reflects sequester and proposed rescissions.

3/ Includes $1,000,000 requested for an endowment matching fund under proposed legislation.

4/ Activities financed in this account in 1987 were proposed for financing in the Special Institutions for the Handicapped account in 1988.

Source: Budget and appropriation figures were derived from U. S. Department of Education, Justifications of Appropriation Estimates for Committes on Appropriations, Fiscal Year 1988, Volume 1, p. 339.

TABLE 14.4. PAYMENTS TO SPECIAL INSTITUTIONS
HOWARD UNIVERSITY
ESTIMATES AND APPROPRIATIONS

	Budget Estimate To Congress (in thousands)	Congressional Appropriation (in thousands) 1/	Difference Appropriation and Budget	Appropriation Change From FY 1980	Change From FY 1980 Adjusted for Inflation
1980	$121,893	$121,893	---%	---%	---%
1981	133,983	133,983	---	9.92	-0.97
1982	153,199	145,200	-5.22	19.12	0.10
1983	145,200	145,200	---	19.12	-0.73
1984	159,720	156,200	-2.20	28.15	4.18
1985	158,230	158,230	---	29.81	-0.15
1986	138,469 2/	157,168 3/	13.50	28.94	-2.32
1987	157,170	170,230	8.31	39.66	-6.61
1988	170,230	172,203	1.16	41.27	-2.37

1/ Reflects enacted supplementals, rescissions, and reappropriations.

2/ Reflects sequester and proposed rescissions.

3/ Reflects sequester.

Source: Budget and appropriation figures were derived from U. S. Department of Education, Justifications of Appropriation Estimates for Committes on Appropriations, Fiscal Year 1988, Volume 2, p. 226.

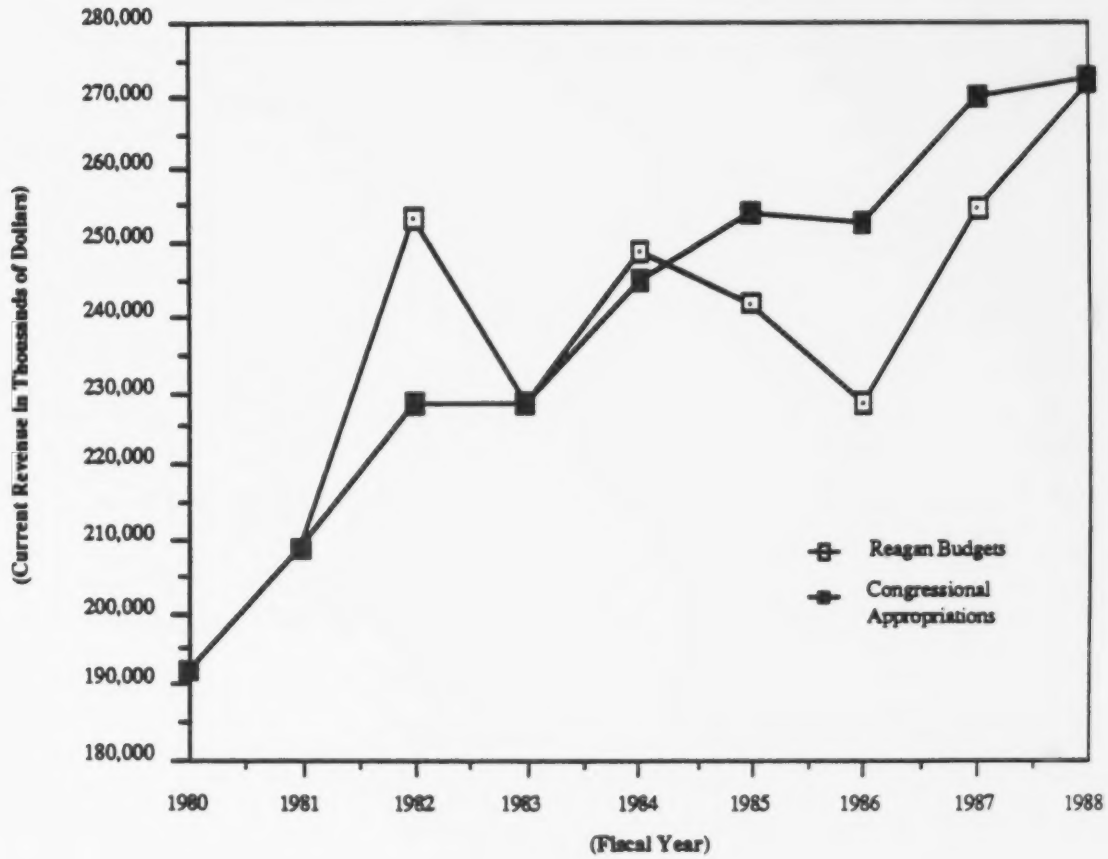

Figure 14. A Comparison of Reagan Budget Requests and Congressional Appropriations for Special Institutions, 1980-1988

Federal assistance to Gallaudet University has risen steadily since 1980. Funding for 1988 is approximately 29% higher than aid in 1980. When adjusted for inflation, however, the funding increases have not kept pace with inflation. Every year from 1981-1988 shows reductions in comparison to 1980. In real terms funding is approximately -7% less in 1988 than in 1980.

Howard University has received steadily increasing appropriations in all years since 1980. Funding has increased about 42% over 1980 levels. In real terms, however, assistance has generally not kept pace with inflation. Funding in 1988 represents a drop of approximately -2% from funding levels of 1980.

Department Management

This includes appropriations for departmental management for the Department of Education, the Office for Civil Rights, and the Office of the Inspector General.

Beneficiaries. Funding provided in this area supports national activities and programs. The funding provides for the administration of approximately 130 programs and 15 programs and staff offices. This includes all of the Department of Education's employees except for the Office of Indian Education employees.

Federal Funding Changes. Congressional appropriations for this area have increased slowly each year since 1980. Generally, Congressional appropriations have not exceeded the Administration's requests, except in 1987 and 1988. In 1988 appropriations were about 40% higher for department management than in 1980, but when adjusted for inflation, funding shows only a slight (2%) increase over that time (Table 15, Figure 15).

When these funding changes are disaggregated, however, a different picture emerges. One of the major areas funded under the Department Management account--the Office of Civil Rights--shows substantial reductions-in-aid over the

TABLE 15. DEPARTMENT MANAGEMENT TOTAL ESTIMATES AND APPROPRIATION

	Budget Estimate To Congress (in thousands)	Congressional Appropriation 1/ (in thousands)	Difference Appropriation and Budget	Appropriation Change From FY 1980	Change From FY 1980 Adjusted for Inflation
1980	$237,136	$213,191	-10.10%	---%	---%
1981	244,181	240,879	- 1.35	12.99	1.79
1982	255,017	216,624	-15.06	1.61	-14.61
1983	222,000	222,000	----	4.13	-13.22
1984	294,835 2/	230,000	-21.99	7.88	-12.29
1985	239,857 2/3/	241,075	0.51	13.08	-13.02
1986	214,444 2/4/	216,154	0.80	1.39	-23.19
1987	295,755 2/	294,070	-0.57	37.94	5.30
1988	316,000	299,118	-5.34	40.31	1.67

1/ Reflects enacted supplementals, and rescissions.

2/ Reflects a proposal to merge the Office of Civil Rights and Office of the Inspector General accounts into the Salaries and Expenses account.

3/ Reflects proposed rescission.

4/ Reflects sequester.

Source: Budget and appropriation figures were derived from U. S. Department of Education, Justifications of Appropriation Estimates for Committee on Appropriations, Fiscal Year 1988, Volume 2, p. 367.

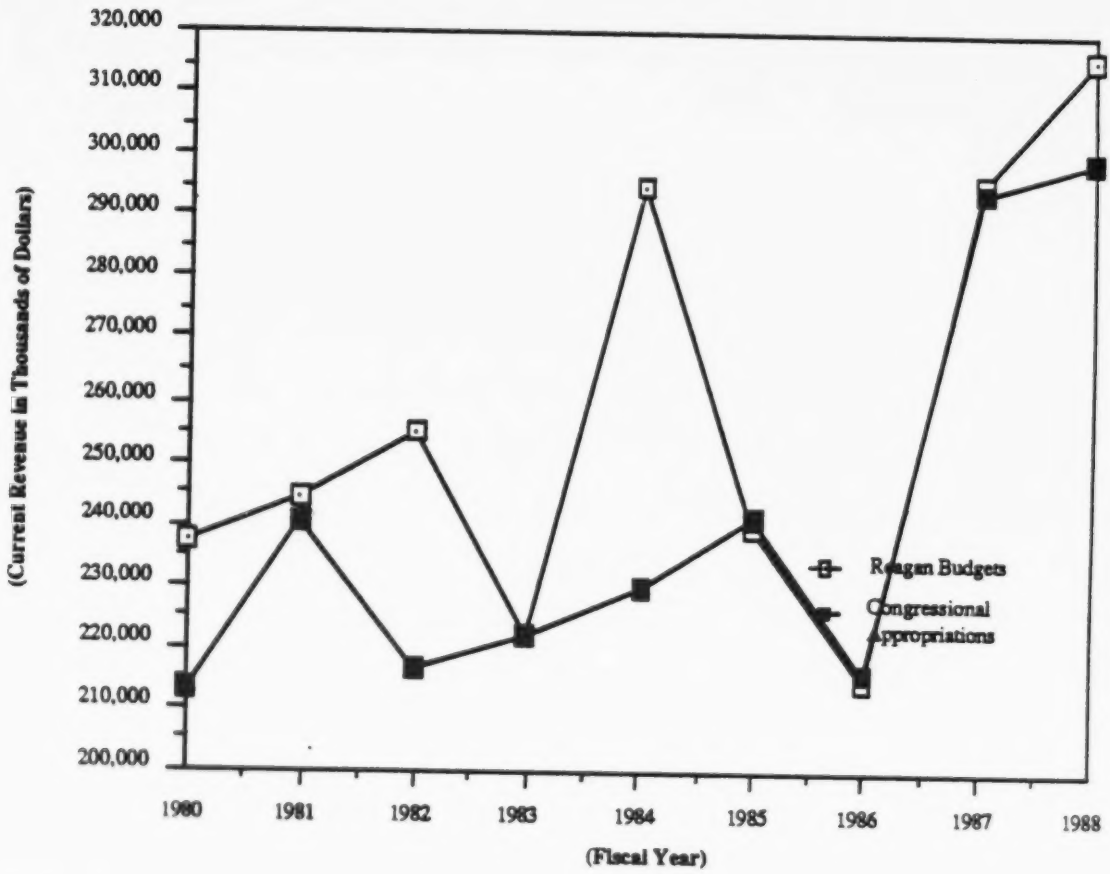

Figure 15. A Comparison of Reagan Budget Requests and Congressional Appropriations for Department Management Total, 1980-1988

Reagan years in both nominal (unadjusted) and real (adjusted) terms. Since 1980, funding for the office of Civil Rights has dropped approximately 12%. When adjusted for inflation, a significant loss of -42% in federal assistance is recorded for the Office of Civil Rights. In every year since 1983, the Administration's budget requests for this area have been lower than Congressional appropriation levels of the previous year.

According to William L. Robinson, director of the Lawyers Committee for Civil Rights in Washington, DC, and recording secretary of the American Bar Association's Section of Individual Rights and Responsibilities, " . . . the Reagan Administration [has been] on a campaign to dismantle civil rights gains that have become well established in law and society" (in ABA Journal, 1985, p. 38).

SUMMARY

This report has examined fiscal policy in education during the Reagan Administration. It has found a diminution in the federal role in providing assistance to education during this time. Support for this conclusion includes the following:

- From 1981-1988 President Reagan has requested a total of $104 billion for programs in the Department of Education. Congress has exceeded the Administration's requests during this time. It has appropriated a total of $135.6 billion for these programs--that is 30% more than has been requested by the Administration. Even with these increases, real funding for programs administered by the Department of Education has declined over the last eight years. (Figure 16)

- Compared to 1980, overall funding for the Department of Education (ED) programs has increased 45%, but when adjusted for inflation, assistance today is 3.25% lower than eight years ago. This represents a total loss of $942.7 million. Reductions-in-aid signal reductions in recipient benefits, cut-backs in programs and services, or decreased numbers of children, young adults and adults, that are served by ED programs.

- Overall losses in the purchasing power of the education dollar are even higher for many individual programs within the Department of Education than is apparent from data on aggregate changes in funding during the Reagan Administration:

  -- Funding for Education Research and Statistics has dropped nearly 20% since 1980; in real terms (adjusted for inflation) funding for this area has been reduced by over twice that much--or a decrease of 42%.

  -- Higher Education, including TRIO programs, Perkins loans, and Institutional Aid, shows an 11% real decrease in aid. Other programs for student assistance, such as grants, loans and work study programs, have less funding today in real terms, than they did in 1980, before President Reagan took office.

  -- Real funding for the Office of Civil Rights is 42% lower today than in 1980.

- Federal aid to elementary and secondary education has increased 35% since 1980; in real terms, however, funding has been reduced by approximately 12%.

- Several individual elementary and secondary federal assistance programs show decreases equal to or over the average 12% reduction-in-aid for this area, when compared to 1980 levels of assistance.

  -- Funding for Chapter 1--including assistance for disadvantaged children, migrant, handicapped and neglected, and delinquent

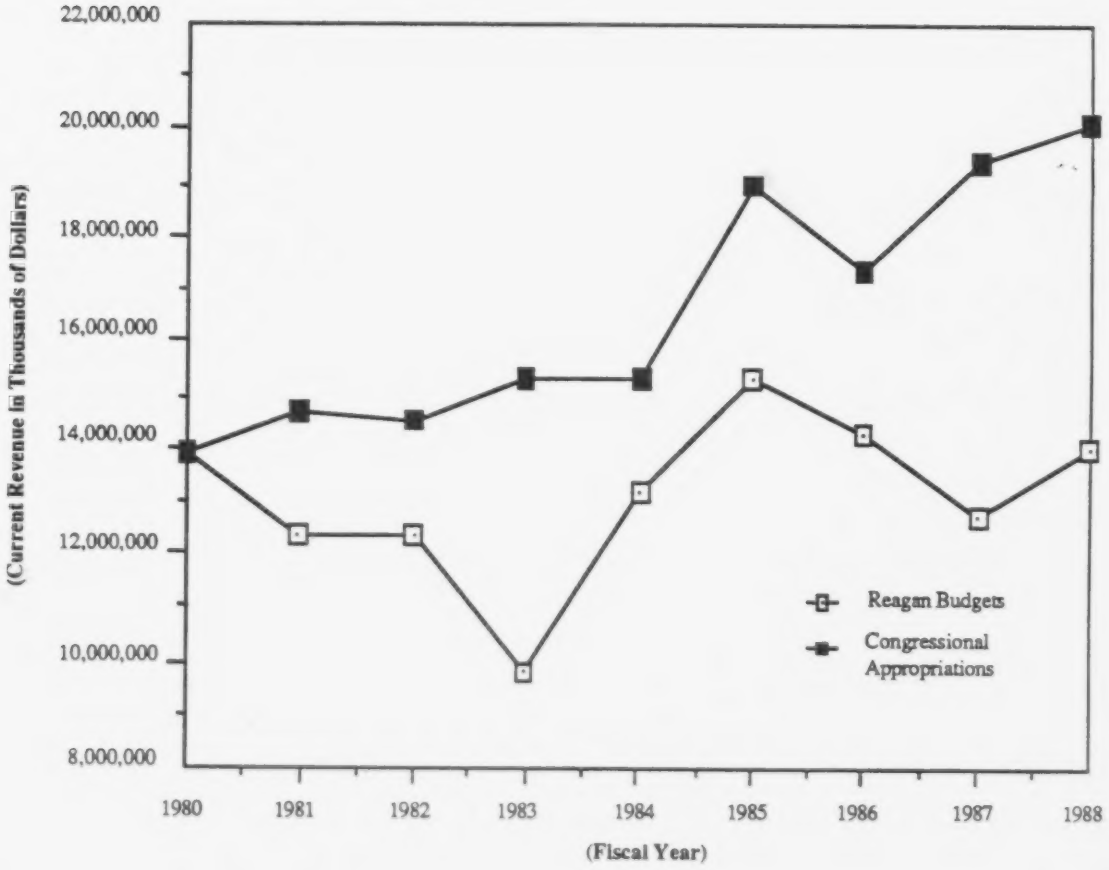

Table 16. A Comparison of Reagan Budget Requests and Congressional Appropriations for the Department of Education, 1980-1988

children--is 35% higher today than in 1980. When inflation is taken into account, however, aid has declined 12% over this time.

- -- Impact Aid has dropped 39% in real terms since 1980.
- -- Funding for Special Programs, including the Elementary and Secondary Education Block Grant, Leadership in Educational Administration, and Magnet Schools, show real reductions of 28%, compared to 1980 levels of support for comparable programs.
- -- Bilingual Education funding has dropped 25% in real terms since 1980.
- -- Vocational and Adult Education programs have 27% less funding in real terms today, than in 1980.

In every case, federal assistance programs such as those for elementary and secondary education, assistance for students in colleges and universities, and civil rights, would be funded even lower today than is currently the case, if the Reagan Administration's policy proposals and budget requests for education had been enacted. Moreover, programs for the disadvantaged, the handicapped, students learning a trade, adults seeking literacy, or college students in need of financial assistance, would have been eliminated altogether if the Administration had realized its goals and implemented its policy proposals for education. In fact, the responsibility for many more programs would have been transferred to the states; and responsibility for the remaining programs at the federal level would have been dispersed among the remaining federal agencies, since the Department of education would have been abolished. Even though the changes that occurred have resulted in marked alterations in federal education policy, they fell far short of implementation of the "New Federalism" in education.

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APPENDIX: PRICE LEVEL ADJUSTMENTS

Adjustments for the effects of inflation are utilized throughout this report to estimate the price level of educational goods and services over a multiyear period of time. They provide comparative information in terms of the goods and services that can be purchased with funds at a given period of time.

Price Index Used

The Implicit Price Deflator for State and Local Government Purchases of Goods and Services was utilized to adjust programs for the effects of inflation which had state or local governmental units as their primary recipient (i.e., elementary and secondary education programs, the higher education area, higher education facilities and loans, and libraries). Most of these funds are utilized to purchase services that are mainly produced by state and local governmental agencies, and utilized to pay current operating expenditures rather than capital outlay or debt service (Riddle in Irwin et al. 1987, p. 114).

The Personal Consumption Expenditure (PCE) deflator was utilized for student aid programs (i.e., student financial assistance, guaranteed student loans) because tuition and other costs of postsecondary education paid by students and their parents are included among personal consumption expenses in the national income and product accounts, and these funds may be used to meet the general cost of living as well as tuition and fees (Riddle, in Irwin et al., p. 114).

The Implicit Price Deflator for Federal Government Purchases of Goods and Services was utilized for programs which involved government contracts or salaries (i.e., education research and statistics, payments to special institutions; the Department of Education management). This index is built on payments for federal contractual services for goods and services and most directly relates to the federal

purchases included in these program areas.

Application of the Selected Price Index

The manner in which the specific price level index is applied involves several considerations. First, whether the index should be applied to appropriations, obligations, commitments, or outlays is a necessary consideration. Because data are generally not available on individual program obligations, or commitments, use of adjustments to these areas is not possible. Outlay information is available but not on a current basis; and validity of estimates for future periods depends on a number of questionable assumptions. Appropriations for a program or program area are available, and are generally identified with a specific year in which the appropriations took place, i.e., FY 1980. Thus, appropriations were selected as the object of interest in this report.

Second, adjustments for inflation for specific program areas also involve the considerations of the timing of the payment. In this respect, it is possible to divide all U. S. Department of Education programs into four broad categories (Riddle, in Irwin et al., p. 115): current funded programs must be obligated by the federal government in the same year the appropriation takes place; forward funded programs for postsecondary student assistance may be obligated both during the year for which the appropriation was made and the succeeding fiscal year; forward funded programs for elementary-secondary education, for which funds can be obligated during the last 3 months of the fiscal year in which they were appropriated, i.e., July, and the succeeding fiscal year; and no-year appropriations, which allows funds to be utilized until expended.

In this regard, for this report, a fiscal year index was constructed for each fiscal year, 1980-88, i.e., October 1, 1979--September 30, 1980 for FY 1980. Because the programs of interest herein were either current funded or forward funded, the

fiscal year for which the appropriation was made, determined the index that was utilized, i.e., if the appropriation occurred in FY 1980 then the FY 1980 index was utilized to adjust the funding. This was selected because both current appropriations and forward funded appropriations were available for obligation during the period of time by the index. With regard to the latter, because they are made available in July of the appropriation year, they fell within the period of time which related to the fiscal year index.

Finally, the indices utilized in this study were adjusted to provide a baseline of FY 1980, that is FY 1980 was made equal to 100%. The calculations are presented in Tables A-1, A-2, and A-3 for the Implicit Price Deflator for State and Local Government Purchases of Goods and Services, the Personal Consumption Expenditure index and the Implicit Price Deflator for Federal Government Purchases of Goods and Services, respectively.

A Comparison of Department of Education's Budgets and Congressional Appropriations, with Sequesters, Rescissions, Reappropriations, and Supplementals

The object to which the adjustments as described above were made was the appropriation including sequesters, rescissions, reappropriations, and supplementals. Budget estimates were also an object of interest in this report. The source for these were: the Department of Education, Justifications for Appropriations for Fiscal Year 1988. This document did not include adjustments to the 1988 budget, i.e., rescissions, supplementals. These will be available with the 1989 budget estimate. Because of this, the fiscal year 1988 figures underestimate changes in all categories considered in this report.

Finally, the President's changes to funding for the Department of Education, e.g., rescissions, were submitted with the budget request; they were therefore included as adjustments to the budget request with which they were submitted.

TABLE A-1. IMPLICIT PRICE DEFLATOR FOR STATE AND LOCAL GOVERNMENT PURCHASES OF GOODS AND SERVICES, FY 1980=100.

	Calendar Year Quarter:					
Fiscal Year	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	F.Y.	1980=100
1980	80.8	83.3	85.5	87.3	84.2	100.0
1981	88.9	91.1	92.6	94.3	91.7	108.9
1982	95.8	97.7	99.2	100.9	98.4	116.8
1983	102.2	103.1	104.1	105.3	103.7	123.1
1984	106.3	108.1	109.4	110.5	108.6	128.9
1985	111.7	113.4	114.9	116.0	114.0	135.4
1986	117.3	118.0	118.5	119.5	118.3	140.5
1987	121.2	122.4	123.7	125.6	123.2	146.3
1988	127.0	128.3	129.7	131.3	129.1	153.3

SOURCE: For 1979 IV - 1982 II, U. S. Department of Commerce: Bureau of Economic Analysis, The National Income and Product Accounts of the United States, 1929-82, September 1986, p. 330. For 1982 III-1983 III, U. S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, July 1986, Vol. 66, No. 7, p. 75. For 1983 IV - 1987 II, U. S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, July 1987, Vol. 67, No. 7, p. 69. For 1987 III - 1988 III, Wharton Econometric Forecasting Associates, U. S. Economic Outlook, 1987 - 90, January 1988, p. 13.10.

TABLE A-2. IMPLICIT PRICE DEFLATOR FOR PERSONAL CONSUMPTION EXPENDITURES, FY 1980=100.

	Calendar Year Quarter:					
Fiscal Year	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	F.Y.	1980=100
1980	81.1	83.5	85.5	87.6	84.4	100.0
1981	89.8	92.1	93.8	95.5	92.8	109.9
1982	97.0	98.3	99.2	100.7	98.8	117.0
1983	101.8	102.5	103.6	104.6	103.1	122.1
1984	105.7	106.7	107.6	108.5	107.1	126.9
1985	109.3	110.2	111.3	112.2	110.8	131.2
1986	113.3	113.6	113.6	114.5	113.8	134.7
1987	115.2	116.9	118.3	119.5	117.5	139.1
1988	120.9	121.9	123.1	124.5	122.6	145.2

SOURCE: For 1979 IV - 1982 II, U. S. Department of Commerce: Bureau of Economic Analysis, The National Income and Product Accounts of the United States, 1929-82, September 1986, p. 330. For 1982 III-1983 III, U. S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, July 1986, Vol. 66, No. 7, p. 75. For 1983 IV - 1987 II, U. S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, July 1987, Vol. 67, No. 7, p. 69. For 1987 III - 1988 III, Wharton Econometric Forecasting Associates, U. S. Economic Outlook, 1987 - 90, January 1988, p. 13.10.

TABLE A-3. IMPLICIT PRICE DEFLATOR FOR FEDERAL GOVERNMENT PURCHASES OF GOODS AND SERVICES (nondefense).

	Calendar Year Quarter:					
Fiscal Year	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	F.Y.	1980=100
1979-80	82.3	83.1	85.8	84.8	84.0	100.00
1980-81	92.2	93.4	90.7	95.0	92.8	110.51
1981-82	97.7	99.0	100.2	101.5	99.6	118.57
1982-83	99.5	102.6	103.0	99.3	101.1	120.36
1983-84	100.3	99.5	105.3	106.7	103.0	122.56
1984-85	108.9	109.5	110.1	108.4	109.2	130.03
1985-86	105.4	109.8	112.8	115.0	110.8	131.85
1986-87	97.5	113.6	114.1	113.6	109.7	130.60
1987-88	113.3	115.9	116.9	117.4	115.9	137.95

SOURCE: For 1979 IV - 1982 II, U. S. Department of Commerce: Bureau of Economic Analysis, The National Income and Product Accounts of the United States, 1929-82, September 1986, p. 330. For 1982 III-1983 III, U. S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, July 1986, Vol. 66, No. 7, p. 75. For 1983 IV - 1987 II, U. S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, July 1987, Vol. 67, No. 7, p. 69. For 1987 III - 1988 III, Wharton Econometric Forecasting Associates, U. S. Economic Outlook, 1987 - 90, January 1988, p. 13.10.

Congressional appropriations are also adjusted by rescissions, supplementals, etc., and are included in those figures. Table A-4 provides a side-by-side comparison of budget requests and appropriations with and without adjustments.

TABLE A-4. A COMPARISON OF BUDGET REQUESTS AND APPROPRIATION DATA FOR THE DEPARTMENT OF EDUCATION, FISCAL YEARS 1980 - 1988. (in thousands of dollars)

	Budget Requests (current dollars)		Budget Requests With Sequesters, Rescissions, 1/ (current dollars)	Congressional Appropriations (current dollars)	Congressional Appropriations With Sequesters, Rescissions, 1/ (current dollars)	% Change, Budget Request & Previous Appropriation Column 2 & 4 (current dollars)1/	Congressional Appropriations With Sequesters 1/ (real dollars)
1980	12,337,835		13,895,555	14,477,447	13,923,327	—	13,923,327
1981	15,481,724	2/ 3/	12,390,502	14,807,740	14,646,612	-11.01%	13,387,688
1982	12,031,059	3/	12,366,572	14,752,370	14,550,325	-15.57%	12,439,738
1983	9,950,508		9,818,822	15,422,286	15,275,304	-32.52%	12,464,277
1984	13,191,889		13,170,546	15,441,482	15,278,051	-13.78%	11,948,745
1985	15,484,949	2/	15,282,615	19,078,624	18,929,950	0.03%	14,185,139
1986	15,945,914		14,243,007	17,939,011	17,381,973	-24.76%	12,631,263
1987	15,218,094		12,704,691	19,687,697	19,412,817	-26.91%	13,609,386
1988	14,049,789		13,985,555	20,314,175	20,126,803	-27.96%	13,470,348
Total	$111,353,926		$103,962,310	$137,443,385	$135,601,835	—	$104,136,584

1/ Adjustments include rescissions, sequesters, supplementals, and reappropriations. Data source: Justifications of Appropriations, Fiscal Year, 1988. U.S. Department of Education.

2/ Budget requests in the years of Presidential elections.

3/ Reagan's request. Carter's budget request was $17,031,059..